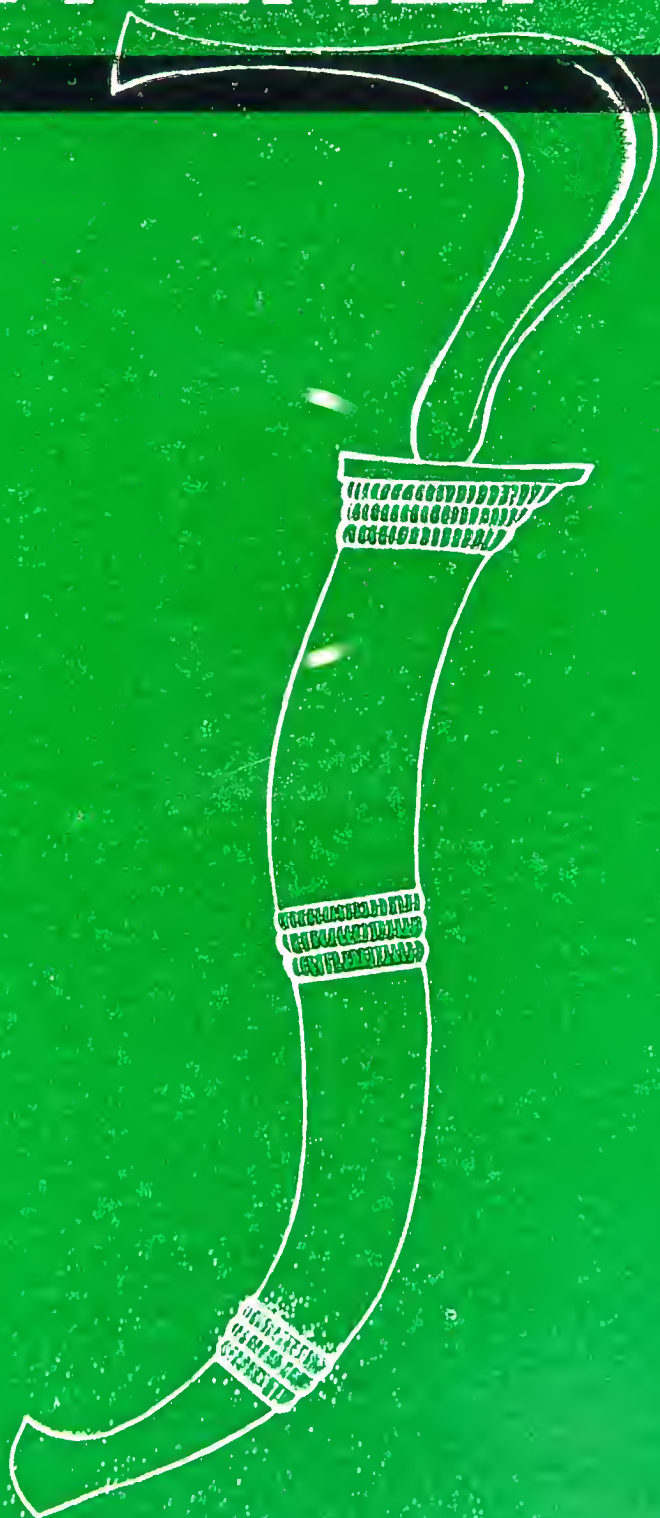


THE INDONESIAN QUARTERLY



THE INDONESIAN QUARTERLY

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A periodical on contemporary life in Indonesia, dedicated to promote greater understanding of the Indonesian current situation and problems through articles which include documentation, information, studies and evaluations

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The energy crisis which engulfed the whole world recently is unprecedented in the history of mankind since the end of the Second World War. The impact of this crisis has been deeply felt by industrialized and non-industrialized nations, as well as by producers and non-producers of raw materials. How long this crisis will last, and what kind of remedy, if any, can overcome this problem is still being discussed by scholars, laymen and experts alike. They are concerned about this phenomena, because it will not only affect the fate of the present inhabitants of the earth, but also that of generations in the years to come.

As a country endowed with rich natural resources Indonesia is not without significant meaning in her present situation of the world energy crisis. She is also aware that certain resources such as oil which abound in her soil and her seas are non-renewable resources. Sooner or later these resources will be used up. Unless precautionary measures and other practical means are sought and studied well ahead and in organized ways, Indonesia's future survival will be hanging in the balance. It is heartening, therefore, that our scholars have dedicated themselves to the task of enlightening our readers on these serious problems of the current energy crisis.

Prof. Sumitro Djojohadikusumo discusses Energy and Raw Materials in a broader perspective. He proposes all nations in the world to take two important steps in facing this energy and raw material crisis. They are: the Long Term Outlook towards 2,000, and the Outlook for the Short Run and the Intermediate Term. Like General Moertopo, he also stresses on the importance of international cooperation in overcoming this problem.

Major-General Ali Moertopo deals with the question of the Raw Materials and Politics: Challenge of the Present World and Its Consequences for Domestic Policies. As a result of the recent energy crisis many raw material producing countries other than oil tried to create a cartel organization similar to OPEC. These are countries which produce copper, bauxite, and even banana. According to General Moertopo no other raw materials except oil will have important economic and political implications. As an ardent advocate of regional grouping, General Moertopo reminds our policy makers and the readers that whichever course national energy policy will take, Indonesia should never forget its commitments to and collaboration with the other ASEAN member countries.

Indonesia is in a dilemma. She is rich in natural resources, but at the same time she is lacking capital, technology and skills. On the other hand inviting foreign capital and expertise without limit creates certain serious problems for the country, because our middle class community is not yet strong enough to compete with the more experienced foreign counterparts. It is in this respect that our Minister of Mines, Prof. Mohammad Sadli, presents an article on Oil and Development. The author has attempted to illuminate positive as well as negative factors of the sudden rise of oil prices in the country and in the world. He queries whether the oil profits could also be utilized for boosting the national industrial entrepreneurs, apart from assisting the national development plan. He also appeals for a speedy transfer of industrial technical know-how from industrialized nations to Indonesia, so that the latter would not have always to rely on foreign expertise.

It cannot be denied that Indonesia's location in this part of the globe is very strategic, apart from the size of its population, the abundance of resources, etc. Perceived from this angle one may not disagree that Indonesia belongs to the group of intermediate powers. Her interests, therefore, will not only be confined to ASEAN, but may extend to other parts of the world as well. The question that now lies before Indonesia is; how will she select and exercise various policies in the domain of international politics or economics in order to better serve her national interests. In his article, Mr. Kartadjoemena makes a critical analysis on Indonesia as a Natural Resource Producer and an Intermediate Power. He particularly makes an interesting discussion on the emergence of resource diplomacy.

The three-mile territorial sea concept in the world has become obsolete with the rapid advancement of technology. Since 1945 a good number of new independent nations have demanded the revision of their territorial water limits. Indonesia is one of the pioneers in this matter. She demanded 12 miles as her territorial sea as early as 1958 during the Conference of the Law of the Sea in Geneva. Mr. Danusaputro introduces an interesting article on Wawasan Nusantara and the International Sea System. His article is indeed timely as it coincides with the current Conference of the Law of the Sea in Caracas. Although he deals mainly with the aspects of the international law of the sea, particularly in giving an elaboration on the idea of Wawasan Nusantara, his discussion is also concerned with national security, as well as the economic interests of the country.

ENERGY AND RAW MATERIALS

PRESENT AND FUTURE*

Sumitro DJOJOHADIKUSUMO

Introductory Remarks

Contemporary problems of energy and raw materials involve mankind to an extent as no other issues have done since the last World War. They entail the sheer physical survival for two-thirds of the world's population as fertilizer supplies are being impeded at a time, when an increase of food production is mandatory in the face of population pressures.

Equally, energy fuels, mineral ores and industrial raw materials have become volatile international topics as they touch the very foundations of the modern industrial world. The "oil crisis", acute as it is in its many-sided facets, mainly reflects the workings of underlying basic forces that have been in motion for some time and that are expected to exert their influence on the future.

The significance of and the relations between resources, population and technology as the tenets of the human eco-system have taken on new distinctive features. Their relative roles have changed, as have the political and economic parameters that govern our global system. To realize this should help to improve and to modify our approach to the pressing problems of to-day.

Perspectives of the future — mere glimpses admittedly — provide additional dimensions to the context within which we must find the modalities for international trade and payments, capital movements, investment requirements, relations between producers and consumers, and — hopefully — workable price levels concerning food, energy and materials. Those added dimensions suggest, too, a

*) This article was originally an address at the opening of the First World Symposium on Energy and Raw Materials, Paris 6-8 June, 1974.

different order of priorities for reforms in the international economy from that which have been evolved so far by august international bodies and their experts.

Conversely, the degree of success or the lack thereof, in establishing appropriate arrangements within the next few years, pertaining to the above range of intertwined problems will for better or worse affect the course and pattern of our environment throughout the 1980's, as well as the kind of planet on which the next generation will find itself by the end of the century.

The Long Term Outlook — towards 2000

The prevailing indications are that no major anxiety is felt over the longer run physical aspects of resources adequacy*). I suspect that in the on-going debate sparked off by the Club of Rome's alert signals on the "predicament of mankind", policy-makers, planners and scientists have no other option but to rely on man's ingenuity for human existence to continue under conditions of amelioration. Hence, the generally accepted need to expand our knowledge — very hazy at best — of existing resources, to discover and develop new resources, and to do so — and this is to the ever lasting credit of the Club of Rome — in heightened awareness of the environmental limits of the biosphere.

We may have reservations about the methodology deployed by the M.I.T./Meadows Team and its systems dynamics. We may disagree with its recommendation of "zero-growth", subsequently sanctioned by the Club of Rome. Conditioned by the experiences and the perspectives of a developing society which is just getting started on the arduous road of development, I am frankly not prepared to subscribe to such guide post. Zero-growth now, means the freezing of the status quo in all its despairing disparities.

It means subjecting ourselves to the goodwill of the affluent societies for relinquishing some of their wealth to the poorer part of the world where most human beings happen to subsist.

Apart from what it does to the sense of dignity of developing nations — perhaps still their most valuable asset — a transfer of

*) Preliminary Papers" and "General Review of Subject Matter" — Documents prepared by the International Symposium Committee.

wealth of the magnitudes then required, is difficult to envisage when to date aid flows have remained well below the targets agreed upon for the current development decade.

Human nature being what it is, it could well be that the advanced societies, once they are faced with the mere possibility of zero-growth might display an unabashed predilection to cling to what they have more determinedly than ever.

Furthermore, the kind of environmental stress in developing countries, and the damage to ecology (including human life caught in the maelstrom of mass-poverty and malnutrition) is not due to high growth rates but to stagnation and stultification. There is no other way to cope with the deterioration of our environment but to accelerate development and to utilize our resources — with a minimum of waste to be sure and for the benefit of the greatest number of our people.

For the adherence to environmental control and to ensure equitable benefits to the people concerned, the developing nations, in whose areas many such resources happen to be located, will have to rely primarily on their own nation-states. The development of resources of energy, minerals and industrial raw materials is being done in collaborative arrangements of one kind or another with international corporations. I have on previous occasions refrained from aprioristic value judgements on multinational corporations.

I reiterate that they are facts of life in the international economy, neither intrinsically good nor a priori bad. Yet, time and again it can be observed that left to themselves, in quest for profit maximization and in zealous adherence to corporate efficiency, multi-national corporations are prone to extensive abuses of ecology and environment. There is no other resource than the respective nation-states to enforce policies for ensuring yields *in perpetuity* from the nation's actual and potential assets. This is another point on which I beg to differ from members of the Club of Rome, viz., in their abhorrence of nation-states. From the view-point of the developing world, nation-states will have to continue playing a vital role in the conceivable future for exactly the same consideration which is the Club of Rome's major pre-occupation, viz., that our finite planet remain viable well beyond this century.

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Nevertheless, and our reservation and disagreements notwithstanding the world at large and its less developed part in particular, is deeply indebted to the Club of Rome for having raised its authentic voice against the "carpe diem" mode of living that seems to have penetrated important sections of society in the developed and the developing countries as well. In operational terms it means that in the development of research, science and technology and their application to resources, *protective* technology must constitute an inherent and essential component. Its relevance needs to be emphasized persistently, for the present, for the medium term and for the longer run.

The Outlook for the Short Run and the Intermediate Term

Henceforth and for the next 10 to 15 years we can expect an intensified and enlarged effort to develop known reserves of basic materials, of alternative sources of conventional fuels and of new and renewable sources of energy supplies.

Even the most optimistic views concerning the adequacy of resources, recognize that for the next ten years there will be supply-demand "imbalances" reflected in increased demand pressures on food, energy fuels and materials. The most strategic in all these is energy. Its impact on food supplies was mentioned at the very beginning of this address. While we may not be faced with absolute constraints as regards resources availability, yet the amount of minerals that can be recovered, processed, manufactured and distributed under economic conditions, is clearly controlled by the supply sufficiency of energy and its cost. It is currently overdependent on oil.

Remedial programmes through the development of alternative sources combined with recycling of raw materials may take a decade or longer before their application will have generated substantive results.

Research and development of new and renewable energy sources will undoubtedly be vastly expanded in the intermediate and the longer term. Yet, it is well to keep in mind that fossil fuels are expected to remain an important element in energy, at least until the end of the century, before new options will perhaps begin to take over.

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Hence the intensified exploration of new sources such as tar-sands and oil-shale deposits, the revival of the development of coal deposits and the expansion of productive facilities in the use of coal. Transportation and handling aspects were until recently regarded as impediments, but the situation has changed since the rise in the price level of oil.

In the meanwhile the new processes for coal liquefaction and gasification offer concrete possibilities in the not too distant future, while the generation of magneto-hydro dynamic power (MHD), i.e. direct conversion from coal into electric power, seems to be relegated to the realm of "pipe dreams".

In regard to renewable sources, the hopes are pinned on geothermi, already operational in various parts of the world. Solar energy is still regarded as a much longer range potential in the same category as nuclear fusion. The main strategy now being pursued by the advanced world is of course in the nuclear energy area, both for the intermediate term as for the long run. Nuclear energy in general is intended to be used for the base load in the overall energy system, including a.o. electric power needs and for electric vehicle batteries and electric mass-transit systems. The conventional light water reactor currently being built is expected to dominate the installed nuclear capacity well into the next century, although it is held that nuclear fission by "breeding" now concentrated on the development of the liquid metal fast breeder reactor, will be operational at some point in the 1980's.

It is well to realize that sooner or later problems of political economy will have to be faced, of the same kind as now encountered in the case of oil. Whether the construction of nuclear plants continues to be based on enriched uranium, where the U.S.A. has the virtual monopoly, or whether the efforts to build reactors based on natural uranium (including the heavy water CANDU type) may yet meet with satisfactory results, — the nuclear economic pattern is conditioned by the "fuel cycle". Here the main bottle-neck (and there are many to be overcome) is right at the start, viz., the availability and supply of natural uranium.*) On present estimates, the demand for uranium will increase during the next twenty years by more than 800%. Investment requirements, covering the same

*) Nicolas Vichney in *Le Monde*, 30 March and 6, 13, 20 April 1974.

period, for uranium ore prospecting alone may amount to some \$ 3 billion. When these demand projections are seen in the light of the geographical inequalities in the distribution of the uranium deposits, then we have the problems similar to those of oil. The current "cut-off price" (the price normally used for calculating purposes) of \$ 8/lb. has therefore become unrealistic, and eventually the price is thought to stabilize anywhere between \$ 12/lb. and \$ 15/lb. Even this seems at the moment still a matter of conjecture.

The relatively long lead times involved in the expansion of conventional energy fuels and the development of alternative renewable sources are not only connected with the need for improved exploration techniques and the drilling and production technology. Considerable research and development must still be carried out in view of the environmental needs: land restoration and reclamation, soil regeneration; prevention of land subsidence, air and water pollution; appropriate nuclear plant siting and cooling, radioactive waste disposals, and the like.

These factors combined make it plausible that for the next 10 years or more the problems of energy and raw materials are basically supply-demand imbalances, as mentioned earlier. These imbalances will be reflected in price movements towards new equilibrium points at higher levels, for oil, uranium, as well as other basic materials. Here we come to the crucial point of relations between producers and consumers and the current debate on relative prices.

Producers, Consumers and the Movement of Prices

Nobody can have any argument with the formulated desire that prices should be "equitable" and that such prices should be determined through "cooperation between consumers and producers". But then we are daily witness to the specter of leading statesmen, outstanding economists and important mass-media from consumers' countries indulging in intemperate assertions that current oil prices are the result of "political chicanery" and "mischievous price rigging". Prevailing price levels are held to be aberrations from what is supposed to be the "economic equilibrium", and hence from what is considered "equitable" or "reasonable".

To back this up, the concept of "marginal costs of production" is brought into play, somewhere around 20 — 25 dollar cents per barrel*), which is allegedly the current cost of lifting an additional barrel in Saudi Arabia from already established reserves and with already installed producing facilities.

A mere glance at the figures indicate that this "marginal cost" argument relates only to the lifting of oil, nett of any element of rent (royalty).

I find it astonishing that two essential elements are ignored. First there is such a thing as "economic rent", related to the structure and nature of production and relative factor proportions.

Has the world forgotten Ricardo's dictum "corn is not high because rent is paid, but rent is paid because corn is high?"

Surely, there should be no need to explain what was taught us long ago in school: that any finite valuable resource commands economic rent in the market, and that for a depleting finite resource this economic rent (royalty) is expected to rise at an accelerating rate.

Second is the element of "monopolistic rent", different in nature and distinct from the former, but equally influencing the price formation. It is related to the structure and nature of the market. The proposition in the case of oil is simple but of the essence. The economies of the advanced countries are highly energy-intensive and exert a demand for a commodity which is of strategic importance. Hence, in the short and intermediate run such demand is very price inelastic. The supply side is (or was until recently) dominated by the international private sector, which is highly oligopolistic in structure and where the multinational corporations command handsome monopolistic rents.

In addition, governments of consumers' countries have found it convenient for fiscal reasons (for the very same conditions of price inelasticity) to impose high excise taxes on the commodity involved; in the same way as many governments view tobacco and its products as prime targets of excise tax, sometimes in the nature of exclusive monopolistic rent.

Then came the governments of the producers countries who own the resources, who have become aware of their seller's position

*) *The Economist*, 6 April 1974, p. 17.

in the market — together with the realization of accelerating rates of increase in economic rent — and who now claim their share of monopolistic rents which were denied them in the past (at that they have not even bothered to file back-pay claims of arrears). What we see happening is actually a process of re-allocation and re-distribution of oligopolistic rents. So the recent movement of crude oil prices have clearly raised the share of producing governments, lowered the share of consumer governments, and raised somewhat the prices of the products.

Current prices are mainly the resultant of the forces and factors depicted above and constitute therefore the "market equilibrium" which we can expect to remain for some time at the new and higher level.

This is reinforced by the determination of consumers countries to become as independent as possible from external supplies of energy fuels, for considerations of security, assurance of supplies and balance of payments.

This policy objective can only mean that domestic production must be made "economic" in their own markets.

Domestic cost and price levels will then be the relevant determinants for prices of important crude oil. Imports will either be excluded or will be permitted to enter those markets only at prices that do not undercut the market shares of domestic production^{*)}. On present indications such prices would come close to current "government takes" of Persian Gulf oil, based on the structure of its actual f.o.b. prices.

The entire situation would have eminently fitted Alfred Marshall's teachings on the "general relations of supply and demand", i.e. the relative bargaining strength and the attendant elements of market power between sellers and buyers, determining the market price, — even before Joan Robinson and Chamberlin perfected the theories of market imperfections. Sometimes it does no harm to call to mind the perceptions possessed by the old masters. They may help to keep our perspective of the much abused concepts of "market mechanism" and "equitable and reasonable prices".

*) It is ironic that governments of advanced industrial countries now resort to the very same policies, against which developing countries in their effort to industrialize have been warned and for which they have been incessantly admonished and rebuked viz. import substitution and "subventing" a high-cost economy.

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The awareness of producer countries as elements of market power is not confined to oil. The desire to receive appropriate rates of economic rents and to share in monopolistic rents will extend to other basic materials, such as uranium, bauxite, copper, iron ore, tin and certain kinds of industrial raw materials. In varying degrees of course, and dependent on the general relations of supply and demand surrounding each commodity. Yet, essentially the mineral ores are subject to similar supply-demand imbalances and their supply availability is strongly influenced by the supply sufficiency of energy as pointed out before*).

It stands to reason that in such a context producers countries form their own combines, whether in the form of cartels or otherwise. It should be no cause for expressions of irate sentiments, much less for veiled or unconcealed threats by governments of consumers countries. Throughout the history of international trade such oligopolistic combines existed as inherent characteristics of the market structure. There is therefore nothing new in the phenomenon of cartels for raw materials. With this difference that in the past cartels were controlled by interests located in the advanced consumers countries. They could invariably count on a proper back-up by their respective governments, sometimes by gun-boat diplomacy, sometimes by more subtle, if not always elegant, tools of power. Now the governments of nation-states who are the owners of the resources have joined for what I believe to be sound economic reasons. They have set up, or will be doing so, their own brand of oligopolies as countervailing forces vis-à-vis the "historic cartels" of multinational corporations**).

The end result in the future may well be a better "balance" within the frame of imperfect markets. At least the structure of the market may become less lopsidedly imperfect.

Furthermore it should not be assumed that producers countries are a priori interested in raising prices by restrictive supply policies

*) Even producers of food and agricultural commercial crop (sugar, cocoa, coffee, pepper, tapioca, copra) have formed associations for the purpose of strengthening their bargaining position in world markets. Their case is weaker as the commodities are perishable, but the trend is there.

**) Actually, from the viewpoint of raw materials producers countries those multinational corporations were more in the nature of *oligopsonies*, against which the producers have set up, in defense, their oligopolies.

or otherwise. Their main interest is in stable earnings in real terms, in redressing the continued secular decline in the terms of trade, in mitigating the adverse impact of violent short terms fluctuations. There are various ways through which these objectives can be pursued and not necessarily in the form of closely knit cartels either. There may be producers associations mainly for exchanging information and for sharing the benefits of research and technology in order to reduce costs and to increase productivity, etc.

In view of the conditions and trends, outlined above, in the relations between producers and consumers, the problem of organized trading can in many cases best served by long term commodity agreements.

The essential point is that due weight be given to the fundamental forces that determine market supply and demand and to realize the structural nature of the changes that have occurred or that are taking place in their relations. Only within such a frame of reference will we be able to devise arrangements that can be made to work for any length of time "through the cooperation between consumers and producers".

This aspect is of great importance as it may be one of the keys to workable solutions in regard to other complex problems of international trade and payments.

International Trade and Payments, — towards a Balanced World Economy

A great deal of rethinking will have to be done since the Multinational Trade Negotiations in Tokyo and the IMF conference in Nairobi, both held in September of last year. Even at the time, many of the pertinent questions remained virtually unresolved.

It was not surprising as both the GATT and the IMF can only put together workable arrangements on the technical aspects, when it is preceded by a political decision by the major economic entities involved. This is true in the case of trade reforms on tariffs and non-tariff barriers, agricultural policies and farm trade problems, safeguard mechanism and the generalized system of preferences, as it is regarding monetary reforms on adjustment of exchange rate

and convertibility*); These issues remain pending, but they have been given added dimension through successive events which brought out clearly the structural shifts between relative forces.

The problems of adjustment and currency convertibility cannot be tackled without agreeing on some kind of mechanism for the "re-cycling" of funds, i.e. the channelling and rechannelling of enlarged surplusses from oil producing countries to countries which need them to cover current payments deficits and or to continue their development efforts. The connotation of countries or group of countries earning balance of payments surplusses or suffering balance of payments deficits has drastically changed.

In turn recycling of financial resources must be seen in relation to "burden-sharing" throughout the intermediate term between the resource rich countries (such as Canada, Australia, USSR, U.S.A. Brazil + OPEC countries) and resource poor countries (such as Japan, France + most developing countries). This would in essence amount to decision on trade policy, viz. to what extent the resources rich countries would be prepared to provide room for larger exports by the resources poor countries whereby in the process the former incur deficits on non-energy account.

Here we have seen the full cycle of the political economy in international relations: (1) international trade and monetary issues are but two twin aspects of the same problem, requiring (2) a political decision by those concerned before technical arrangements can be expected to provide the desired frame of "stability". Stability here, as in other respects, can only have a dynamic meaning, not a freezing of an established order of things but a movement along a sequel of consecutive new equilibrium points.

What is presently happening is not merely a "disequilibrium", as a temporary departure from an assumed "fundamental equilibrium". The international economy has already moved away more or less permanently from a frame which itself was the result of agreements made almost thirty years ago under entirely different conditions.

* Cf. the author's earlier writings

"Prospects and Constraints in World Trade", June 1972

"The Economic Future of the Pacific Basin", October 1973.

A political decision of mutual accommodation*) and new arrangements in international trade and payments must render full account of the structural changes that have taken place. Only then can we hope to be able to cope with developments in the intermediate term, when until the late 1980's we will be facing conditions of imbalances surrounding basic resources. It is important to evaluate current efforts in international economic relations in the light of what the future holds in store. For example, at present the preoccupation is with the dangers of worldwide recession and the worries in this respect are real enough.

However, looking further ahead there might well be an excess demand on real and financial resources, which could strengthen the forces of global inflation. This is in view of the intended investment programmes of advanced countries for the expansion of energy resources.

The sum-total of the individual investment requirements — now under consideration — of the U.S.A., the U.K., the E.E.C. and Japan would be staggering**).

It would be far bigger than could be financed by the surpluses of oil producing countries.

Here is another case for mutual consultation and accommodation.

Future balance in the world economy greatly depends on whether or not an understanding can be reached regarding the urgency of "recycling" and "burden sharing" and the appropriate mechanisms of implementation.

Exhortations are now directed at the oil producing countries to put a great deal more of their foreign exchange earnings at the disposal of the developing countries on concessional terms. The oil countries on the other hand remain wary as long as the advanced countries fall short of the targets of official development aid (ODA). Both groups of countries must meet each other half way to overcome the dilemma: the advanced countries to show in a tangible way their unqualified commitments to ODA's targets of the development decade and the oil rich countries to considerably increase the funds

*) Failing such agreement, the present constellation will soon lead to a series of devaluations and retaliations, trade restrictions and trade diversions.

**) Anthony Harris in *Financial Times*, 25 April 1974,
"Looking across the dip to the boom".

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for recycling purposes. Only under such conditions can the international financial institutions, the IMF and IBRD, supplemented by the operations of the commercial banking system be expected to provide the frame for workable arrangements of technical implementation. Then, too, would a recycling mechanism enable the developing countries without resources to continue the process of development through economic growth and social change.

It would simultaneously assist the industrialized countries in coping with their balance of payments riddles, as there would be an increased demand from the developing countries for manufactures that would reduce the advanced countries' deficits. In other words, we would be moving towards a "balanced world economy".

International Cooperation

I have outlined in summary fashion the repercussions of the imbalances surrounding energy and raw materials for the present, the intermediate future and the longer run. I have tried to emphasize the intertwined nature of the problems and to indicate the most relevant fields where international cooperation is urgently required. In addition, two areas of international cooperation deserve particular attention, viz. the undertaking of a comprehensive inventory of the world's natural resources and in the realm of research, science and technology. A concerted and cooperative effort in resources inventory is the only basis for the desired "rational approach" to resources policy and resource management on a global scale.

The importance of research, science and technology in a world of resource imbalances needs hardly be emphasized. From the viewpoint of developing countries the elements of advanced technology, adaptive technology and protective technology should all be prevalent. Developing nations do need to develop their capability in advanced research, science and technology, particularly with regard to certain productive sectors for which alternative technologies do not exist. Adaptive technologies should meet criteria of labour absorption, the use of local materials and balance of payments considerations while maintaining standards of quantity and quality of output. Protective technology for the conservation, restoration and regeneration of depletable resources has been elaborated upon before.

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I have earlier expressed my views on the continued role of nation-states, in divergence from the Club of Rome. I would like to end with a modification by adding two considerations which might lead to convergence. I resort to the world of environmental biology. The functioning of our global system, as any ecosystem, involves both living organisms and the abiotic environment: each influencing the properties of the other and both necessary for maintaining life as we have it on our planet.

In other words, with emphasis on obligatory relationships and interdependence.

POLITICS AND RAW MATERIALS : THE CHALLENGES OF THE WORLD TODAY AND THEIR CONSEQUENCES FOR DOMESTIC POLICIES

Ali MOERTOPO

The oil crisis which is currently affecting the world has demonstrated that oil operations which have become one of the salient features of the world economy, do not constitute a supply and demand mechanism subject to the normal economic laws. Due to certain defects in the world's oil business structure the supply and demand mechanism, if it applies at all, is strongly biased by politics. It is often said that the world's oil operations are an economic mechanism which govern the trade of a political commodity, however, it would be as equally correct to say that it is a political mechanism which governs an economic commodity. In whichever way we view the matter we will eventually reach the conclusion that oil operations as a whole basically have both a political and an economic pith while these piths are linked to each other the effect either has on oil operations is a variable that changes according to the factors of time and place. It is a variable because the structural defects in the world's oil operations arise partly from national policies being pursued by the various industrialized countries and partly from the geographic incidence and magnitude of the oil reserves which thereby determine the national policies of the oil producing countries.

The oil crisis actually demonstrates that the mechanism of these operations does not work properly, or it may even be said that the crisis itself is nothing but a distortion of the existing mechanism which has occurred because the defects in the system

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have swelled to a certain magnitude. It has proven very difficult thus far to find an economic formula which really cures this distortion. The means resorted to in past attempts to find a solution have been largely political, however, because such actions linked with security problems proved to easily lead to military conflicts, the tendency now is to pursue other avenues.

In our present era we have witnessed particular shifts in the international political arena: most of the economic measures being taken are to defend certain economic interests i.e. those of either the party which takes the measures or the party affected by the economic interests of another party.

In this context it may be worthwhile to cite a few examples of how the game is being played. At the time that the OPEC (Organization of Petroleum Exporting Countries) began to gain the upper hand in its negotiations with the consumer countries thereby causing the latter to perceive a discrepancy in the existing order, the idea was launched to set up an organization to rival OPEC among the USA, Western Europe and Japan. France and Japan were among a number of countries that could not support the idea on the basis that such a rival organization would only serve to sharpen the conflict between producer and consumer countries. The Middle East war caused the Arab oil exporting countries (OAPEC) to cut back production, raise the price of crude oil and impose selective embargoes, all of which gave rise to a serious discrepancy in the supply and demand mechanism. In America, one of the major oil consuming countries, a few prominent scholars proposed retaliatory measures such as refusing to send further food and industrial goods to countries applying the embargo. All these measures were basically economic in nature and had quite far-reaching consequences in a world where national economics were becoming more and more interdependent. Gradually, and in conjunction with a few political actions taken by the U.S.A. to settle the Middle East war, the oil embargo has now been lifted thereby repairing part of the discrepancy. However, although the mechanism as a whole has almost been restored to a state of equilibrium, the point at which this balance now lies has shifted. The increased oil price has given rise to new world problems and while these no longer revolved around the supply and demand mechanism it has caused difficulties in other equally vital economic

spheres. One manifestation of this shift has been the increased rate of inflation throughout the world.

Inflation and a World that is Becoming Increasingly Expensive

The debate over the price of oil within academic circles has not yet come to a conclusive end. In certain quarters it is admitted that the price which applied up till the outbreak of the fourth Middle East war last October had been too low. While this debate continues the price of crude oil is rapidly increasing and because the world economy is until the present still based on oil such increases are causing the world's whole economic structure to become more expensive also. During the period February 1973 to February 1974 the price of crude oil tripled. Thereby creating new problems. Countries which had thus far been able to pamper themselves because of the cheapness of oil were caught unprepared by the price hike and this caused a chain reaction of problems on a national as well as global scale.

In the industrialized nations new problems arose while in the developing countries people were confronted with new challenges. This situation had been predicted long before by a number of experts, who at the time already recognised both the existence of the seeds of inflation and the fact that increased crude oil prices would make the situation even more critical not only for the oil importing countries but for the other countries as well. Perhaps only the communist bloc countries who do not take part in the world economy, have escaped from these difficulties although they will certainly be indirectly affected on account of their involvement, albeit in a small way, in international trade.

In the industrialized countries inflation has always been a "bogey" to both the economy and domestic politics. The choice between curbing inflation on the one hand and having full employment on the other is never settled as an economic matter but as a political one. To many industrialized nations full employment is sacrosanct, a situation which nobody dares to change and a concept that nobody dares to challenge so that fighting inflation becomes a difficult task. When consumer prices rise the workers through their trade unions will always demand wage increases, thus

creating a never ending spiral. The workers actually recognise quite clearly the result of their demands but they just assume that this is something which their employers and the government must solve. As a consequence of such a situation internally the industrialized countries cannot fight inflation with the help of domestic resources; they have to find other resources outside their own boundaries. This is where the raw materials producing countries — and in most cases this means the developing countries — become significant to the industrialized nations.

The industrialized countries will always try to keep the prices of raw materials at the lowest possible level in order to thereby bolster themselves up to fight their domestic inflation. Meanwhile on a global plane world inflation is becoming more and more widespread and for as long as this continues, the developing countries will also keep importing some of it. Part of the inflation that enters the developing countries does so through the industrial goods imported by them. The above reality has prompted the developing countries to demand that there should be a more balanced and equitable ratio between the prices of raw materials and those of industrial goods. The developing countries believe that they are always being forced to negotiate the prices of various raw materials such as copper, tin, bauxite, coffee, cacao and sugar while there is no mechanism that calls for negotiations on the prices of such basic materials as steel, electrical goods and freight rates. These demands were spelled out at the Sixth Special Session of the United Nations General Assembly on the Problem of Raw Materials and Development which was held in April, 1974. The developing countries demanded a new system for the regulation of international economic relations. The concept forwarded by Boumedienne of Algeria, for instance, was one designed to make the developing countries masters in their own home. It called for measures to nationalize raw materials, to set up associations that function like cartels to determine the prices of raw materials.

In his address to the same UN special session the U.S. Secretary of State, Henry Kissinger, voiced concern that the pressure being applied by the developing countries to increase the prices of their raw materials would ultimately lead to an endless spiral. He called on the industrialized countries and the developing nations to cooperate with each other in facing a new challenge: interdependence.

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However, from what we have reviewed above one can actually draw the conclusion that the world now is already in the grip of a vicious circle. It is difficult to envisage what form the cooperation proposed by Mr. Kissinger should take for it appears that no formula for a settlement can be found as long as it is not stipulated which side (the industrialized countries or the developing nations) should take the first step. The problem involved is not a mere game of words but a real one which is as hard to solve as the proverbial riddle of which came first the chicken or the egg.

As shown by the following figures the USA is one of the world's major importers of raw materials. She satisfies the following percentages of her needs for various raw materials from imports: cobalt 100 percent (mainly from Zaire), tin 77 percent (from Malaysia), manganese 95 percent (from Brazil) and bauxite 84 percent (from Jamaica).

Conversely raw materials make up the bulk of the exports of countries like Indonesia. In 1969/1970, 71 percent of Indonesia's total exports consisted of such raw materials as rubber, coffee, tin and copra. Furthermore, Indonesia's exports amount to about 30 percent of her GNP. It is indeed difficult to imagine how an interdependent economic structure can be set up before the countries concerned have reformulated their respective national policies. Such a reformulation is necessary because to fit into a system of interdependence they have to effect structural changes in some of the foundations of their national life. Meanwhile the world economy is becoming more and more expensive and inflation more and more rampant. Perhaps the world economy just has to accept the reality of this expensiveness and learn to live with inflation. But in view of the realities prevailing in the world today a distinction will have to be made between developing countries that produce oil and other vital raw materials on the one hand and developing countries not producing these goods on the other.

Developing countries which have to import all their needs from other countries are in the most difficult position. According to the World Bank these countries consist of Bangla Desh, Ethiopia, India, Kenya, Mali, Pakistan, Sri Lanka, Sudan, Tanzania and Uganda. It was estimated that in 1974 alone these countries will have to spend a total of more than 10 billion US dollars on oil imports. This figure is much higher than the total amount of economic aid

being provided to the developing nations by the industrialized countries.

In this connection Iran proposed at the UN Session that emergency aid be extended to these countries. Iran suggested that the aid be to the tune of 3 billion US dollars, 50 percent of which would have to be supplied by the oil producing countries, 1 billion US dollars by Japan and the USA and 500 million US dollars by the EEC (European Economic Community). This proposal was rejected by none other than the richest oil producing countries namely, Saudi Arabia, Kuwait, Iraq, Qatar and Abu Dhabi. A rift had thus occurred among the developing countries themselves thereby making it difficult to expect that this problem can be solved soon through a joint international arrangement.

A number of countries producing raw materials, except oil, recently tried to follow the example set by the OPEC. They have set up a series of cartels among themselves. CIPEC, for instance, is an organization of copper producing and exporting countries comprising Chile, Peru, Zambia and Zaire. Bauxite producing and exporting countries including Jamaica, Guiana, Australia, Papua New Guinea and Surinam have also joined forces in an organization. Even banana producing countries like Colombia, Costa Rica, Ecuador (which has meanwhile left the organization), Guatemala, Honduras, Nicaragua and Panama have established a similar organization.

These organizations have demanded a 50 percent increase in the prices of their raw materials. A study conducted by the "National Commission on Materials Policy" in Washington has established that none of these raw materials except oil is capable of engendering great economic or political effects through cartels. If this is really so the problems of these countries will for the time being have to be settled by themselves domestically.

Domestic Policies

In the industrialized countries these problems, particularly those posed by the oil price increase and inflation, have become the subject of a fierce controversy between the government and the multinational corporations engaged in oil.

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If the recent oil crisis has left any party unscathed either directly or indirectly it is the multinational corporations. In 1973 the profits of EXXON increased by 59 percent compared to their level in the preceding year, totalling 2.4 billion US dollars. According to the company most of these profits were made in the petro-chemical sector whereas the profits from oil amounted only to 0.006 US dollar a liter. Compared to the first quarter of 1973 EXXON's profits in the corresponding period in 1974 increased by 93 percent to 705 million US dollars. Other oil companies also recorded large increases. Texaco's profits in the first quarter of 1974 rose by 123 percent above their level in the corresponding 1973 period totalling 589 million US dollars, Gulf recorded profits that were 76 percent above those in the corresponding period in the preceding year totalling 290 million US dollars. Meanwhile these oil companies have introduced a further increase in the price of gasoline and other fuel oils. In justifying this action several reasons were forwarded. The main one being that they had to ensure a continuous supply whatever the price. The above mentioned profits were not regarded as commensurate to the investments they had to make to guarantee such supplies as the drilling of a single oil well cost up to 40 million US dollars.

To the West European countries an increase in the price of oil (gasoline and other fuel oils) proved to be unavoidable. The lowering of industrial fuel oil prices would have meant operating at a loss and created a situation that would have been even less advantageous than a return to coal. Based on these considerations the burden of price increases was passed on entirely to the consumers who, in turn, adopted an equally controversial attitude: they gave guaranteed oil supply precedence over prices although the future consequences of such an attitude were fully realized. New governments have begun to intensify research into the possibilities of converting coal into oil and gas, however, it will undoubtedly take a long time before these efforts bear fruit. These countries have tacitly accepted the reality of higher oil prices and actually already made the necessary preparations to live with inflation. The problem of fighting inflation was in reality only a political issue which these governments needed in their campaigns to remain in power.

Actually when we speak of multinational corporations we should make a distinction between the parent organizations and their

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subsidiaries which are spread throughout various countries. The profits of EXXON, Texaco, Gulf and Mobil mentioned above were those made by their parent organizations in the U.S.A. These parent companies actually still bought oil from oil exporting countries at the rate of 7 US dollars a barrel. They then sold this oil to their subsidiaries outside the U.S.A. at 12 US dollars a barrel thereby putting the price burden on the countries where these subsidiaries were based. Furthermore the multinational companies based in the U.S.A. bought oil in the U.S.A. itself at a rate that was 3 to 4 US dollars a barrel lower than the price quoted by the OPEC. This oil was later resold on the international market at the same price as OPEC's.

From the developing nations Indonesia is actually in a comparatively advantageous position for among other reasons the fact of her continuously increasing oil production. Yet it is never too early for her to begin making preparations to face all sorts of eventualities that the future may bring. Basically the present world economy is prone to unpredictable changes. On the other hand it can already be foreseen that in a world economy which is becoming more and more expensive and with inflation rampant, a number of vital imported industrial goods including fertilizers etc. will also become more expensive. About 25 to 30 percent of Indonesia's inflation is imported thereby making every effort to fight it more difficult. If we want to try to live with inflation or at least with a rate of inflation that has been brought to a minimum, we must consider fostering an overall change. It is also possible that the philosophy which calls on people to fight inflation by learning to live with it while continuing to increase production is but a mere play on words but the idea does have a certain logic. The problem now is how we can increase domestic production at a rapid rate.

There are furthermore a number of political matters that should be taken into consideration. In the South East Asian region Indonesia is one of the biggest oil producing countries. In 1973 South East Asia's oil production was estimated to total 1,709,563 barrels a day. Of this, Indonesia's production accounted for 1,374,263 barrels a day, Malaysia's for 100,000 barrels a day, Brunei's for 215,000 barrels a day and Burma's for 20,300 barrels a day. This reality tends to have a political effect on Indonesia's

relations with her neighbour countries especially during critical situations.

If such a critical situation arose would we, for the sake of ASEAN solidarity, for instance, go to the extent of pursuing certain policies which violated the oil supply commitments we have made with certain other countries or would we rather opt for a cut-back in domestic oil consumption despite an increasing demand? If we are bold enough now to take the first steps towards developing other sources of energy such as coal, geothermal and nuclear power, we will perhaps not have to face such a dilemma in the future. The above illustrates how we may eventually have to change domestic policies for the sake of other issues which can become of equally important interest, in this case, ASEAN cooperation. Many more examples could be cited in relation to policies we should consider devising as a consequence of the new challenges that have arisen and will arise in the world.

OIL AND DEVELOPMENT^{*)}

Mohammad SADLI

The importance of oil now overshadows all other sources of government revenues for economic and social development. But not only the monetary aspects are important. The oil and gas should become the basis of certain lines of industrialization, such as petrochemical industries, fertilizers and synthetic fibers, and such industries will give rise to other linkage effects, also to service industries. Thus we expect oil and gas to give an added thrust to our industrialization. All these developments will require a great number of skilled personnel and high technology know-how, which ultimately should be domestically born and bred. It is this objective of human investment, or "cadres formation", which we, here in Indonesia, always have to sponsor; and because we are always in a race with time we have to do everything systematic and effective. Human investments, the building up of indigenous know-how, require a lot of the transfer of such know-how from foreign sources. There are many ways and channels for imparting such know-how. Pertamina and the Government spend a lot of resources for the education, training and upgrading of their personnel abroad. Many foreign experts are working here under various forms of contract. Many up-to-date equipment embodying the latest technologies are also utilized in surveys, exploration and production; also in research and servicing activities. These all constitute parts of the process of transfer of know-how. The ultimate bearers of know-how are people, not books and journals, not equipment, although these are also very important components. We attach great importance to the contact between people, knowledgeable people, for the transfer of know-how. I see the Indonesian Petroleum Association particularly in such a light. Although a national association it is multinational in its

^{*)} This article was originally an address presented at The Third Annual Convention of the Indonesian Petroleum Association, Jakarta, June 3, 1974.

membership and transnational in its orientation. This, I trust, will secure its productivity and its effectiveness as a tool of economic development.

Petroleum sciences, related to exploration, production and downstream activities, could and should grow also where the oil is found, and not only in North America, Europe and Japan. Sure enough, the above mentioned industrialized countries have an established infrastructure in Research and Development which creates a lot of external economies for new institutions, but with present day communication and transportation distances have largely shrunk, the technological and scientific community has become more international or transnational. The growth of scientific and technological communities in the developing-producing countries still has a long way to go and will require a lot of assistance and encouragement. The government and Pertamina will go all out in their fostership and we expect the international companies also to make it their policy to give generous assistance to the development of local talents and local institutions. In the long run it will be good investments for them because western expatriate personnel are expensive and may become relatively scarce. Indigenous scientists and technological personnel will have their own special advantages of being permanent observers and manipulators of their own locale. When I visited the US lately I enjoyed the invitations to see the R and D facilities of some major oil companies and I was jealous that similar or complementary institutions only exist in other industrialized countries. I fully understand that the lack of scientific infra-structure does not make similar institutions equally productive in places like Jakarta, but nevertheless we need and aspire these necessary components of the oil industry in our quest to build up a viable national oil industry.

The Indonesian Petroleum Association is certainly not an R & D institution, but it must have a place in the institutional infrastructure of our oil industry and it must serve a function as a means of communication, as a place where experience and know-how are voluntarily exchanged and rubbed off; it must be a meeting place of the international community of petroleum scientists and technologists. May I look forward towards greater activity and productivity of the Indonesian Petroleum Association in line with

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the growth of importance of the petroleum industry in our national economy ?

The current international oil prices have distinctly become a boon to the Indonesian economy and we are grateful for this fortunate circumstance because it will provide us with an extra capability to fasten the pace of national development. In spite of a novel image in certain circles abroad we do not regard ourselves as a new rich nation overnight. Before the availability of these additional resources we were barely breaking even with borrowed resources and limited domestic savings to carry out our major assignment of economic rehabilitation, agricultural development, especially in food production, and laying the basis for industrialization. We had to do this against the backdrop of massive underemployment and unemployment, low agricultural productivities and chronic food deficits, declining terms of trade of our traditional exports, and an above two percent rate of population growth. We have reasons to be satisfied with the achievements of the first five year plan which was mainly a rehabilitation job. People have now more to eat and to cloth on a per capita basis than five years ago, but in the meantime the aspiration level has been raised too, while the underemployment situation is still massive. The new oil resources may provide us with a break. If used wisely, it may provide us with an opportunity to build effective beachheads for an assault on our structural and long term developmental problems of raising agriculture productivity, industrialization, spreading our population and alleviating the unemployment problem. With all the oil windfall it may not be easy to help our cousins developing countries financially. With the oil windfall our per capita income per year will exceed US\$ 100 but that will not make us automatically an aid giving country. The new resources will only mean that our balance of payments position is good and will look good in the future, that total domestic savings (that is, inclusive of government revenues from oil) will improve considerably. If with these resources our total investments can exceed 25% of GNP for long enough a period, this will put us in a different plane, a plane where the horizon is bright and full of hope. We are even in the market for some of the "recycle oil dollars" for investment with a good rate of return.

Although we cannot make a direct contribution to the financial plight of other developing countries — we also regard that this problem is not the sole responsibility of the oil producing countries, through the working of the world system we hope indirectly to contribute to its solution. In the next five years we hope to be able to build up an export capability in nitrogenous fertilizers; our access to the soft terms IDA credits of the World Bank Group will be reduced, making these funds more available for more needy countries; and we have high hopes that some features of the new international economic world order, more equitable for the developing countries, will become a reality in the near future. We have particularly in mind a share of the SDRs for the developing countries and commodity stabilization mechanisms, but also a greater transfer of funds and technologies to the developing countries through the intermediary of the multinational companies and some kind of a UN sponsored multilateral system. Indonesia will be an active participant and actor in the various international schemes.

In this period of sharp price advances certain policy sets and assumptions have received or will receive critical examinations. This is a good sign that our society is not placid and complacent. When planning time for Repelita II came around, one of the crucial questions was, what level of production and prices of crude oil could be expected for the next five years? In certain circles of our society, for instance among students, one can hear sometimes critical questions raised with respect to conservation, that is, how much should we leave behind for future generations? Fortunately, these questions for the time being have not become controversial issues. Indonesia is apparently still in an exploration and early development period, more than in a production period. Even the projected level of production of two million barrels a day five years from now, from a present 1.4 million barrels a day, is not a surefire target. The balance between new production and natural depletion has still an uncertain outcome. Fortunately, exploration is still vigorously pursued. The high prices and the forty percent cost ceiling are effective inducers of these efforts and we hope that things will remain this way for a while.

For the time being we will not apply conservation policy in the sense of production cutback for economic reasons. At less than

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2 million barrels a day and with so many investment opportunities and development requirements it is not a logical policy choice.

The often heard statement that we will not use oil as a political weapon needs also some clarification. It means that we will not use a threat of embargo to achieve political objectives. It also means that in general oil and gas will be sold by Pertamina and other companies to where the best price can be fetched. Oil will not enter in barter deals with special prices or payments arrangements. On the other hand, as long as oil is selling in a sellers' market, and when customers are insecure about their sources of supply, we must be aware that we have in our hands a strong bargaining card which we certainly must and will use to advance our developmental and economic interests. How, that will depend on circumstances and opportunities, but we will not be blind for those.

There may be an objective of "conservation", in the broader sense of the word, that everybody must be aware of, and none too soon. Since oil is and will be an expensive commodity one must be economical in its production and utilization. "Economical" means the prevention or reduction of waste. I would appreciate it very much if this Association could give proper attention to the economies of recovery and production, and of energy utilization. Our present rate of growth of oil consumption is some 13% per year. This by itself is not illogical if we pursue sectorial growth rates of more than 10% in industry, electricity, transportation and services; little less than 10% in mining; and so forth. The modernization of agriculture means also mechanization and other applications of power, and fertilizers, all of which increase the energy consumption. To save on oil consumption we must diversify our uses of energy. The government is giving top priority to geothermal exploration and development, the development of our coal resources and our hydro-power. We allow a limited role for foreign direct investment in these fields. We will try out a variant of the production sharing agreement for the development of coal mines. We will, however, always be in the market for the know-how and the marketing capabilities the international energy companies can offer. We all should recognize the trend that the developing countries want more actions and propositions than only a packaged direct investment, from a multinational company. They want to be able to procure

the individual components of such package, and sooner or later these developing countries may look to other countries, with other political systems, to get these inputs, if they are not available in western countries or from multinational corporations.

From my trips to the US and to Australia I have become aware that a big and producing country always has problems fashioning its price policy in the domestic market vis-à-vis the international market if it wants to protect the internal market from the vagaries of international price movements. In the US as well as in Australia the domestic prices of oil are appreciably lower than what now prevail in the international markets. Here in Indonesia we have done the same for a long period, mostly as a result of anti-inflationary policies, whereas the pro-rata crude oil arrangement with the oil companies make such policy feasible without budgetary burdens. Sometimes I wonder whether this pro-rata formula is a real blessing or a curse for the long run interest of the country. For the oil company it can regard this obligation as an additional tax. For the country it facilitates the selling of oil products below their international prices, hence below their opportunity costs, and thereby may induce and promote a greater oil consumption, both in absolute terms as well as in relation to coal, and later other sources of energy. Too low oil prices may inhibit the use of coal, geothermal and later may-be nuclear energies, unless these uses also will be subsidized. On the other hand, it may not be a bad idea to price fuel domestically somewhat below international prices in order to stimulate or protect domestic industries, mining, shipping, etc. Spokesmen from oil producing developing countries like to argue now that the western countries have built up their industries on the basis of cheap oil. May-be Indonesia can also boost up its agricultural modernization, industrialization and mining development with lower-than-international prices for its oil products. By doing so it certainly can strengthen its competitive position in the world markets, and if such is the case it may become a more attractive place for investments.

INDEPENDENCE AND INTERNATIONAL REALITIES: INDONESIA AS A NATURAL RESOURCE PRODUCER AND AN INTERMEDIATE POWER

H.S. KARTADJOEMENA*)

Contemporary international reality distinctly restricts the absolute freedom of action of nation-states, however, the nation-state remains the sole institution of human collectivity to which the vast majority of the human race are still prepared to submit in regulating the whole dimension of temporal existence. Thus while on the one hand we are far from witnessing the disintegration of the nation-state, the concept of sovereignty itself must be redefined to suit the operational realities of today.

What therefore needs to be redefined creatively and effectively is the role of the state within the whole context of an emerging international order in which the nation-state must manoeuvre its independence within a myriad of interdependent relationships, not only with other nation-states but also with other institutions such as international organizations and non-public entities, the most important of which is the multinational corporation. The emergence of complex system relations involving structures other than the nation-state in their relations with each other and with the nation-state is now systematically and systemically defined as transnational relations¹.

*) The author wishes to thank colleagues at the LPEM for the numerous staff seminars from which this paper benefits. Responsibility for the content, however, lies solely with the author.

1) A group of North American and European scholars has made a pathbreaking study of transnational relations. See Robert O. Keohane and Joseph S. Nye Jr (eds): *International Organization* special edition (summer; 1971):

In this essay, we will deal with the role of Indonesia as a regional state in Southeast Asia, as a middle power, and as a natural resource producing country. Within the context of these three roles, an attempt will be made to assess the policy implications and the divergence and convergence of the three distinct roles.

Indonesia as a Regional Southeast Asian State and an Intermediate Power

The emergence of peace and détente among the super-powers has ushered in a new era of stability in the Pacific and Southeast Asian regions. Among the superpowers, (USA, Japan, the Soviet Union and China), the management of this stability requires efforts to maintain the delicate balance between engagement and disengagement in the area. In order for this new pattern of relationships to function properly, it requires an explicit statement by the superpowers as to what their interest might be. Moreover, a complete withdrawal from this area of any one of the major powers would disrupt the delicate balance in the region requiring a recombination among fewer superpowers, but on an escalated level of involvement, with all the ensuing problem that it implies.

The de-escalated level of involvement by the superpowers results in a new flexibility among the regional states in the Pacific and Southeast Asia and allows increased level of interaction among regional states, however, it also adds a new dimension of problems. On the one hand the countries in the region are enjoying a greater freedom to pursue their foreign policies, this is the positive aspect. On the other hand, there are also new dangers. Individual countries in the region may find that they are facing a greater temptation of over-commitment or overaction, and creating entanglements to a far greater degree than they wish. Moreover, they may become entangled in what could become a serious regional conflict resulting in serious loss of territories, without evoking the corrective intervention on the part of the superpowers to help restore the previous status quo.

This raises a number of serious questions concerning regional commitment. To a varying degree of attractiveness, the extent of regional commitment tends to be greater by some states and less

by others at different times. Commitment to ASEAN for example will manifest itself in such a way as to develop schizophrenic tendencies in the behavior of the regional states oscillating between escalated activities and relative withdrawals with each alternative phase probably occurring at different times for different ASEAN countries.

A number of basic observations which are of great interests to the region need to be formulated about ASEAN. In general, the question of peace in the Southeast Asia region must be dealt with in a manner which will enable us to continue to seek modalities of compromise, negotiation and discussion. Mechanisms must be created which will ensure that serious efforts are made to minimize the misreading of intentions among actors in the region. Conflicts must be minimized where honest differences of opinion and interests do exist and a system produced where such differences can be made explicit thereby avoiding excessive misunderstandings. This means that at the very least there must be a maximized flow of communication and information between the regional states.

Moreover, in so far as interdependence is partly a function of technology and the level of economic activity, there will be a tendency to increase interaction and interdependence among sub-sectors of the societies in the various countries in the region as the level of technology and development are raised. Accordingly it would be useful and wise, even at this early stage, if intra-regional cooperation were sustained and nurtured institutionally through ASEAN and its specialized institutions. Because intra-regional interaction is of a limited nature at the present, the job is not easy, however, much can and indeed must be done.

There are further also the political and defense considerations, where the ASEAN states have agreed to tighten cooperation with each other. The regional states are likely to cooperate for sometime to come, given the geopolitical factors of the Pacific area, the fragmented nature of their defense problems and, the potentially transnational character of foreign-supported insurrectionary movements in the region.

While the above positive factors explain why cooperation in the region may be necessary and/or desirable they are not sufficient to sustain any superficial conclusion that regional integration as distinct from cooperation is necessarily desirable or possible in

Southeast Asia. What must be sought is the maintenance of a general point of equilibrium relevant for a period of ten to fifteen years in which an attempt is made to maximise levels of interaction at a regional level. In contrast, however, regional integration, presupposes that one day the nation-state will be dissolved to form a united Southeast Asian States, which is not a realistic goal. Cooperation, however, is both realistic and necessary.

Indonesia is also an intermediate power. Her interests may at times extend beyond the confines of Southeast Asia when the need arises to coordinate some world-wide policy on particular issues with other states outside this region. One example is on the question of the Indian Ocean, where Indonesia may find it necessary to coordinate with other intermediate powers of the Indian Ocean such as Iran, Pakistan, India and Australia — in order to reduce superpower actions in the region. Such policies may be of limited interest to the other Southeast Asian States except possibly for Singapore and Thailand. Similarly, intermediate powers, with superpower neighbors may find it necessary to coordinate among each other along general lines to maintain relatively distinct and independent positions. One can envisage a relatively similar preoccupation for Canada, Mexico, Australia, Indonesia and Iran. The precise format, of the possible policy synchronizations, however, remains to be seen.

The Emergence of Trading Blocs and Policies for Developing Countries

The disintegration of the Bretton Woods system, which for convenience could be dated at August 15, 1971, when the United States unilaterally abrogated her principal obligations because of her domestic and external economic difficulties, has highlighted the potentially permanent fragmentation into which the world economic system could evolve¹. Behind the orderly process of world economic development since the end of the Second World War, there lurks

1) For an excellent and brief summary on the Bretton Woods system and proposals for reform see Lawrence B. Krause, *Sequel to Bretton Woods*, (Washington D.C. the Brookings Institution, 1971). A staff paper of the Brookings Institution. For an Indonesian view on the matter, see Sumitro Djojohadikusumo, *Prospects and Constraints in World Trade* (Rotterdam, June 12, 1972) An address before the International Association of World Trade Centers, in Rotterdam, The Netherlands.

an undercurrent of economic interactions which are polarized into three distinct centers of economic activities, the United States, Japan and the EEC, in the market economies, with a fourth, a closed system consisting of the socialist countries grouped around the COMECON.

In the absence of any far reaching agreement on a new world trading and monetary order, world economic relations could very well be revolving around closed economic blocs with occasional economic and trade wars conducted across these blocs. While a coherent political argument could very well be constructed to defend the desirability of conducting world economic order through the creation of closed economic blocs relatively hostile to one another, it is difficult to argue in its favor on economic grounds to be applied on a world-wide scale¹.

This current state of fragmentation in world economic relations raises a number of fundamentally important policy issues, which are no less vital for the developing countries. To the extent that this fragmentation might lead to a decline in world-wide trade as a result of increased restrictions it would constitute a loss to the world community. The special arrangements which the EEC has made with only some of the developing countries, excluding the remainder, is of great disadvantage to those developing countries without access to the EEC. Moreover, all the industrial countries maintain restrictive barriers to the entry of semi-manufactured and light manufactured products coming from the developing countries.

The solution of this problem depends first and foremost on the ability of the three major concentrations of economic power — the United States, the EEC and Japan — to come to an agreement of a reasonably long-lasting nature on the terms on which the world economic relations are to be conducted. A somewhat more separate arrangement could then be made between the industrial countries and the socialist countries. The developing countries would have to seek to defend their interests in the light of these considerations and their position as raw material producers must accordingly be sought to enhance their negotiating position. The experiences of the OPEC countries suggest that if wisely used, developing raw

1) A current study underway on trading and economic blocs is initiated by Ernest Preeg, author of *Traders and Diplomats* (Washington D C. Brooking Institution, 1970), with the National Planning Association

material producing countries could reverse their disadvantageous positions through the utilization of raw materials diplomacy.

It has been suggested that the Bretton Woods system inevitably led to the compartmentalized treatment of world economic problems for two distinct reasons. On the level of conceptualization, problems of trade differ fundamentally from those of monetary affairs and those of capital and resource transfer to the LDC. "Monetary and development issues can be discussed in terms of general theoretical principles into which point of details can be fitted quite readily. While on the other hand, the principles of free trade and non-discrimination in commercial relations are quite clear, their interpretation and application to government policy is extremely complicated. In contrast to finance and development, trade raises a host of issues that are difficult to relate to basic principles, particularly within an institution (GATT) that is not explicitly an international authority but is instead an international agreement on complex rules of behaviour to which national governments are expected to adhere"¹.

Institutionally the problems of money, trade and development, were supposed to have been handled integrally. When major disruptions in the international scene took place or when major institutional reforms became necessary, these structures were supposed to have moved in a coordinated manner to meet the changing requirements. In reality they have operationally moved further and further apart from each other. Physically moreover, the IMF and the IBRD are located in the same building in Washington and hold common annual meetings (at which the GATT is not represented). On the other hand GATT is located in Geneva, where it has a much closer link with the less effectively organization UNCTAD. Moreover, major items of importance in world economic relations are discussed along narrow lines with few participants such as the Group Ten or within the OECD, where industrial states always have the advantage of prior consultation².

A few words must also be devoted to the manner in which developing countries have managed their external economic affairs. By contrast to the industrial countries, the developing countries in

1) Frank Mc Fadzean, et al. "Proposals for Future Trade Strategy", *Towards an Open Economy* Report by the Trade Policy Research Center of London. (London, St. Martin's Press, 1972) p. 4.

2) *Ibid.* p. 4.

UNCTAD have shown their characteristic ineffectiveness because of their susceptibility to diversion to useless political manoeuvrings and polemics. These exercises tend to be decisive in nature, thus splintering the nations of Latin America from those of Africa and Asia even before any common position on negotiation can be reached. Moreover, when negotiations do take place, the developing countries in general seem to show a lack of technical preparation. We simply have not done our homework¹.

In facing the economic superpowers and in adjusting to changes in world economic relations, Indonesia has made it clear that her future lies in strengthening her common position within ASEAN. Her position in the Multilateral Trade Negotiations in Tokyo in September 1973 indicates the direction in which she wishes to go in her international economic relations. It has been the policy of Indonesia to work within ASEAN and wherever possible, to make a common approach within a common strategy formulated by member countries. In her active participation within ASEAN it is significant to stress that Indonesia's approach has been to seek to maintain at least some workable relations with all the economic power centers.

So far, collective ASEAN efforts have been directed mainly at the EEC for a number of reasons. First of all, the EEC, (especially after the British entry), has been our traditional trading partner in the trade of primary commodities. We would like to safeguard this access. Secondly, the EEC has been engaged in preferential trading arrangements with only a part of the developing countries, leaving the rest outside of the arrangement and therefore in a position of distinct disadvantage. A correction to this basic trend is needed. The EEC is now showing some signs of opening relations with other countries outside of their existing special arrangements.

Our relations with the EEC accordingly are centered on safeguarding the access of our traditional exports of raw materials as well as light manufactured goods which the ASEAN countries

1) This important observation has been made among others by Harald Malmgren. See Harald B. Malmgren, *Trade for Development* (Washington D.C. Overseas Development Council, 1971) p. 16.

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are presently, or will be producing in the future. Moreover, in so far as the EEC is composed of advanced industrial states which for many years have had their individual and ongoing practices of technical and development assistance to ASEAN; unified approaches have made it easier for the EEC to provide technical assistance with immediate application in the field of trade statistics, trade promotions and manpower training. In the future this can expand to other fields.

In institutional terms, the ASEAN-EEC relations are channeled through SCCAN, the Special Coordinating Committee for ASEAN Nations which has been in existence since 1972 to conduct institutional contacts between the two bodies. On the part of the ASEAN countries, in Brussels, SCCAN is represented by the ASEAN Brussels Committee consisting of chief delegates of member countries accredited to the EEC Commission and assisted by the delegations of member countries. For its part, the EEC will form a unit specifically assigned to deal with EEC-ASEAN relations. In this arrangement ASEAN has adopted the practice of conducting complex multilateral negotiations with industrial countries (which must at any rate be acquired in the future) as well as an appreciation of the complexity of dealing with the EEC. Such experience will be of great value to ASEAN in the forthcoming rounds of the Multilateral Trade Negotiations where ASEAN will have to negotiate with industrial countries and other groupings as well — particularly with the centers of economic power.

If, as it is hoped, there is indeed to be a global negotiation on world economic relations which will reopen trade in a new dimension and magnitude — then will be preparing its negotiations and strategy with a view to maximising gains from the entry of new products as well as increasing the access of traditional commodities to the major industrial centers.

If on the other hand it becomes evident that the world is indeed turning inward and becoming more protectionistic, and the four trade blocs indeed become more hostile to each other — then at the very least ASEAN will have to adopt a strategy of seeking to maintain existing access to the markets of economic powers, even

if the major trade blocs themselves are involved in restrictive practices and trade wars against each other. The prospect that ASEAN may be able to defend its interests and traditional access to the four blocs, even if they restrict trade among themselves, lies in the strength of the argument of our "neutrality", and in the fact that our exports, though they mean a great deal to us, are in terms of volume, of minor significance relative to the percentage of total trade of the major countries. Thus a concession to us does not jeopardize their protectionist policy, but on the other hand would help our own trade position.

One hopes, of course, that the world can begin again to establish a foundation of vigorous and open trade which can still take into account the special nature of the problems of developing countries. Realism dictates, however, that we seek to strengthen our bargaining position while the big industrial powers make their own adjustments in their relations with each other. One mechanism which has yet to be exploited is the utilization of natural resources diplomacy to tip the balance slightly in favor of the resource producing countries. It is to that subject that we now turn¹.

The Emergence of Resource Diplomacy

The crisis in raw materials and energy has brought to light the essential bargaining strength in the hands of the developing countries. It is true that we must not exaggerate our strength with regard to the advanced industrial states. On the other hand we must not overlook the opportunities we possess to establish a more favourable position with regards to our trading and economic partners. The possible emergence of raw material cartels erected by LDC, may be one instrument needed to increase our bargaining position. Curiously, the consuming industrial countries have condemned the possibility of such action while condoning similar practices which have always been engaged in by the advanced countries themselves.

1) On the legalimacy of nation-states to pursue their own policies on natural resource to suit their own natural interest see ECOSOC, *Permanent Sovereignty over Natural Resources* (The United Nations, Economic and Social Council, Oct. 3, 1973) Report of the Secretary General, Doc. No. E/5425.

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This observation can be confirmed by examining commentaries in the advanced countries¹.

Indeed, during the recent energy and commodity crisis what is appalling is the irrational reaction in some quarters of the West to the newly gained position of the developing raw material-producing countries. It is tantamount to saying that oligopolistic practices and cartelization are legitimate as long as they benefit the industrialized countries or corporate entities headquartered in or owned by citizens of industrialized countries. However, when such practices are adopted by the developing countries it is considered sabotage against the international order. This attitude must be changed.

To be sure under perfect competition, trade is a matter of economics, however, when markets are no longer perfect and when the prevailing structure is that of cartels and oligopolies and when objectives are viewed in the long-run then trade becomes a matter of power and politics as well. Moreover, it becomes also a matter of social issues when a politically significant segment of the business community begins to find that it is losing out under the pressure of competition from abroad. The prevailing reality is that markets are not freely competitive, and therefore trade is a matter of social issues and of politics. Under such conditions we cannot depend on the automaticity of the mechanism of the market to allocate the benefits from trade².

1) One influential columnist in major American newspapers began to see this inconsistency. See William Raspberry, *Washington Post* (November, 1973) for example. Also see Sumitro Djojohadikusumo, *Energy and Raw Material: Present and Future* (Jakarta, June 1974). Prof. Sumitro, Indonesia's present Minister of State for Research has succinctly argued that in view of the fact that "governments of the producer countries who own the resources have become aware of their seller's position together with the realization of accelerating increase in economic rent and who now claim their share of monopolistic rents which were denied in the past it stands to reason that in such a context producer countries form their own combines, whether in the form of cartel or otherwise. It should be no cause for expression of irate sentiments, much less for veiled or unconcealed threats by governments of consumer countries". Pp. 11 and 13.

2) In the words of Kindleberger, "maximization of long-run profit approaches very closely the long-run *political* goal of trying to stay in business that is keeping the economic unit or political community a going concern". See Charles P. Kindleberger, *Power and Money* (New York, Basic Books, 1970) pp. 4.

But one word of caution. For the natural resource producing countries to make use of their advantageous position for aggressive or punitive purposes would be self-defeating in the end. On the other hand, it is both legitimate and feasible for them to use the negotiating leverage they possess to gain a better footing in an otherwise disadvantageous power relationship with the industrial countries. But this calls for a much more extensive and thorough perception of the precise nature of their economic relations with the industrial countries and indeed with the rest of the world. A better assessment than is presently evident must be undertaken as to where LDCs have a negotiating advantage and where they are in a disadvantageous position. Moreover, the mechanisms and machineries of the state in its international economic relations must be reassessed.

The nature of natural resource production and marketing has been such that it is centered on either of the two extremes. On the one hand the mineral extractive industries are characterized by high-technology capital intensive techniques with a number of special characteristics which place a great deal of the marketing decisions in the hands of the major multinational corporations. On the other hand, in specific raw material sectors, especially in the agriculturally based sectors, the production side generally consists of small holders, and where such commodities are produced on estates, these estates are not sufficiently large producers to influence prices¹.

What Indonesia could possibly attempt to do is to seek ways to increase its bargaining position for a number of products. In strictly economic terms, this would place in the hands of the country the capacity to extract higher prices for the products in question than could otherwise be obtained. In political terms, the country's political options are enhanced in so far as it may at times use the strength it has gained to extract more favourable economic relations, linking trade, investments and aid. It requires, however, a complete program encompassing marketing, storage, shipping and financing of the international trade of commodities. The ability of producer countries to cooperate will be tested.

1) For a useful survey of the structure of mineral industries Raymond Vernon, *The Operations of Multinational United States Enterprises in Developing Countries* (New York, United Nations, 1972) Doc. TD/B/399.

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The emerging political economy of natural resources has placed the relationships of countries in different groupings. The industrialized states are on the whole consumers of natural resources, and their industrial economies are dependent on the continuing supply of raw materials. Some developing countries are important exporters of raw material while others are resource-poor. A more interesting community would be the emergence of resource-rich countries, both developing and industrial states, whose common interests are quite distinct from the past rich-poor polarization of nations. In a number of instances, they could form a special interest group. Tentatively, we could place in this class states which happen to be both resource producing countries and intermediate powers — such as Canada, Australia, Indonesia, Iran, Brazil, Nigeria — whose position as important producers of raw materials may tie a great deal of their external position on economic matters closer together. They could supplement OPEC which is already a going concern. Less comfortably, South Africa would qualify for inclusion in such a category. It would require ingenuity on the part of other resource producers to engineer its acceptance into the group while forcing drastic changes in South African racial policy. This is the most interesting departure from past experiences, however, we do not know how this would work in practice. Should it materialize, it would be far more powerful and flexible than associations consisting merely of developing countries.

Alternatively, in resource rich regions, such as Southeast Asia, there could emerge a common position among ASEAN states supplemented by the participation of Australia and New Zealand in global negotiations in raw material issues. In practice, what may take place is an effort to subtly seek an optimal combination of regional cooperation and transregional product-oriented associations. If that is sought, there must be a thorough prior assessment on the part of ASEAN states of the extent to which a minimum common position could be formulated while seeking marginal partners in negotiations in which not all the ASEAN countries find it of interest or necessary to participate. This all implies that a serious effort must be made to ensure that we do not find ourselves in mutually contradictory positions while ongoing bargaining is taking place.

Yet another pattern of relationships may emerge. The new situation in natural resources may result in the emergence of a four-way relationship between the consuming countries, the multinational corporations, the producing countries and the non-industrial consuming countries. The participants would each play the game of increasing their relative position vis-à-vis the others. Depending on the situation, shifting alliances would most likely occur. But the game need not be Zero-sum and all could gain. Moreover, at no time should the game be construed to have as the objective of its players the systematic elimination of all other players.

One word needs to be said about the machinery in this new diplomacy. It is inevitable that the new dimension of economic interactions among states and the emergence of a system of transnational relations have consequences for the machineries available to the state. In the first place it would stretch existing institutions beyond their natural capabilities. The traditional diplomatic machinery is an anachronism inherited at least from the Congress of Vienna. It is singularly ill-equipped for the present escalation of international economic relations. A new mode of active foreign policy must make use of *all the instruments available to the nation*, formal as well as informal¹.

What we will witness in response to the new demands of active international interaction would be on the one hand a *centralization* of the decision making process of the key strategic matters to the nation's chief executive, but on the other hand a *decentralization* of the use of *instruments* by the chief executive. Thus, what we will probably see is an increasing "presidentialization" of major strategic decisions in foreign policy, which is a centralization process, but on the other hand, we will also see that this practice would almost inevitably lead to the increasing reliance on non-traditional and non-diplomatic instruments whose effectiveness will be increasingly demonstrated in the future. The extension and utilization of the instruments of the state would represent on the hand a deconcentration, while serving the purpose of presiden-

1) The inadequacy of the diplomatic machinery for contemporary needs of overseas representation has been studied. One of the more serious study has been one on the British Foreign Service (itself one of the finest in the world: in what has been known on the *Duncan Report*. See, Sir Val Duncan, *Report of the Review Committee on Overseas Representation* (London, HMSO, 1959) Command No. 4107.

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tializing decisions which can no longer be taken in a compartmentalized fashion by any foreign ministry.

Thus, in resource diplomacy, what needs to be sought is a complete assessment of the importance of the resources produced by the country in the world market, and the country's position as a producer compared to others. In this connection it is crucial to know just what kind of commodities are susceptible to a "hardline" position and which are more appropriately handled by maintaining a "softline" position. A flexible policy based on hardfaced assessments of our strengths and weaknesses in the field of natural resources could then be formulated to guide the nation in seeking overall gain in our external relations. Having formulated a careful overall policy, a country must equally carefully seek to reassess and restructure its machineries to meet the new challenge.

Summary and Concluding Remarks

The nation-state is a reality. It is not reasonable to expect societies to conduct their affairs predicated on the assumption that the state is an anachronism while nothing concrete is in the offing to replace its function. What is relevant therefore is that nation-states take full account of the new parameter within which it operates. And for us in the developing countries, we cannot but depend on the nation-state for most of our needs particularly in the transformation of our society towards a more technologically oriented one.

It is therefore not in our best interest for the state to reduce its role in the society, however, it is important to place its role in a new dimension in which all human and social activities have expanded and where participants in the social process other than the nation-state have gained prominence in the social process. In the coming years, our national resilience will be tested by the extent to which our society would be able to withstand, adjust and initiate changes internally in response to external and domestic challenges. Such challenges will not come so much in the form of disruption caused by any potential adversary but rather in the form of pressures to meet the requirements of change.

Broadly speaking a society could take three major alternative courses of actions. The first option is to close the border and seal the country from any major interactions with the outside either for the motive of preventing "infection" from abroad while the country continues to conduct its affairs as previously, or to use the period of insulation to make major adjustments. This usually requires a rigid authoritarian regime which spends a great deal of its administrative effort just to seal its borders. The second alternative is quite the opposite and to allow all interactions to take place without any government effort to regulate. The tax havens of the Bahamas approximate this model. With somewhat more regulative restrictions Switzerland follows this liberal practice.

, The third alternative is that of a more active policy of selective opening. The intensity of interaction with the outside is conducted on a selective basis by first examining their effect on the domestic scene. This presupposes an active search for new possibilities on the part of the government. The immediate requirement with respect to the state apparatus is that it must be made to be more active, which implies the need to considerably streamline its structures and practices. This need not mean a massive effort for administrative reform, although that is desirable if it can be accomplished. What is more relevant and necessary is that those instruments which will be used to conduct relations with external entities need to be made more effective so as to allow the state to profit as much as possible from external contacts, both in the form of "corporate-government relations" i.e. in dealings with the multinational corporations, but also in the more general relations with the industrial countries, both the market economies and the socialist states.

As a regional state in Southeast Asia living in a community of common interest, Indonesia's future is best served by maintaining a close link within ASEAN. As an intermediate-power, she will also be forced to have an active global policy and interest to a far greater extent than other ASEAN states may find necessary or desirable. Moreover, as a natural resource producing country facing the new setting where raw material producers are gaining ground after years of being in a disadvantageous position, she needs to formulate a reasonably clear policy which links the

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interests of ASEAN states while at the same time extending producing countries elsewhere both from the developed and developing worlds.

As an important raw materials producing country, Indonesia will increasingly need to make adjustments so as to be able to take advantage of her position. In so doing it is of the utmost importance to keep in mind that while the natural resource producing countries utilize their bargaining position to increase their general and overall bargaining strength relative to the industrial states, the use of raw materials diplomacy for aggressive purposes would in the long run be self-defeating. To be sure, what is aggression is a matter of definition, it depends on whose ox is being gored. Between passive nonaction on the one hand and an overt use of raw materials denial simply to achieve an expansionist tendency, there exists a broad dimension of creative foreign policies of which a country's position as a raw materials producer would constitute but one aspect.

By way of conclusion, a few additional remarks need to be made. The previous position of the developing countries, in which they suffered from a deterioration of their terms of trade is being somewhat reversed. Prices of natural resources in general have improved. Two observations need to be made on this point. First of all it is true that as industries become more sophisticated the fastest growing component is value-added and not raw materials, raw materials do have longer income elasticities. As a means of export earnings, industrial products have fared much better.

While raw materials are less income elastic and thus apt to grow less rapidly with the increase of income of the consuming countries, they are of strategic importance. In the extreme case substitutes can be found, however, in general the raw material component constitutes the essential starting point from which more sophisticated products can be manufactured. Their denial is fatal to an industrial process. By contrast final products can originate from a variety of inputs, processes and technologies. This is the essential difference between raw materials and finished products. A thorough assessment of the strategic nature of essential raw materials is therefore important in negotiations with the industrial countries to enable us to gauge the extent to which our negotiating position can be enhanced by the subtle use of raw material diplomacy.

These linkages of our relations suggest the emerging pattern of interdependence in our external affairs even while our domestic society is yet to be fully integrated in a modern sense. In economic terms, interdependence is not simply measured by the volume of trade linking different countries together. As a more relevant measure, Richard N. Cooper in his essay argues that it is the *policy sensitivity* of actions in one country as felt by others that is a more relevant index¹. The volume of trade of the United States in which her exports and her imports each roughly equal 4% of her GNP belies the strategic importance of her import of raw materials. The energy crisis testified that the interdependence of the US economy is far greater than her trade figures indicate. The nation of policy sensitivity explains more clearly the importance of raw materials and the relatively slow growth rate of this trade does not tell the full story of the importance of natural resource in the industrial process. In a world of interdependence, the use of the relative strengths of countries must be viewed from the vantage point of gaining optimum advantage from a given negotiating position in a non-zero-sum game. These negotiations take place continuously, and accordingly each country must always have a reasonably clear idea of its bargaining position, and where it wishes to go.

While changes have taken place both in regard to the absolute freedom of action of nation-states and in their role relative to other structures, individuals remain in the same ambivalent position in seeking protection from the state. If I remember my literature correctly, it was the French poet Paul Valery who argues that — "si l'Etat est fort, il nous ecrase, s'il est faible, nous perissons". When the state is strong it will crush us, when it is weak, we perish. But whereas nations have a greater likelihood of survival when the state is strong, individuals survive when the *state* and the *society* are strong.

1) Richard N. Cooper, "Economic Interdependence and Foreign Policy in the Seventies", *World Politics* (January, 1972).

STATISTICAL APPENDIX

Japan's Dependence on Imports of Principal Resources
(US\$ Millions)

	1968	1975 (EST.)
Copper	73.4%	92.9%
Lead	56.5	55.6
Zinc	53.8	61.6
Aluminium	100.0	100.0
Nickel	100.0	100.0
Iron Ore	84.7	90.0
Coking Coal	71.9	85.9
Oil	99.5	99.7
Natural Gas	0.0	73.6
Uranium	100.0	100.0
Lumber & Logs	46.7	49.1 — 58.0

Japan's Foreign Economic Policy, United States — Japan Trade Council, May 1970, (P. 4).

Japan's Leading Imports 1969 - 1970
(US\$ Millions)

	1970		1969
Crude Oil & Heavy Oil	2,575	Crude Oil & Heavy Oil	2,100
Logs & Lumber	1,572	Logs & Lumber	1,300
Iron Ore	1,208	Iron Ore	969
Non-Ferrous Metal Ore	1,064	Non-Ferrous Metal	917
Coal	1,010	Non-Ferrous Metal Ore	928
Non-Ferrous Metal Products	943	Coal	574
Feed Grains	524	Raw Cotton	424
Raw Cotton	471	Feed Grains	407
Soybeans	366	Wool	392
Wool	348	Wheat	297

Note : The General Pattern Of Imports has not changed to any significant degree in the past decade.

Source: from The Hudson Institute.

**U.S. Dependence on External Supplies of Principal Industrial Raw
Materials: 1950 and 1970 with Projections for 1985 and 2000**

Raw Material	1950	1970	1985	2000
	(percent imported)			
Aluminium	64	85	96	98
Chromium	n.a.	100	100	100
Copper	31	0	34	56
Iron	8	30	55	67
Lead	39	31	62	67
Manganese	88	95	100	100
Nickel	94	90	88	89
Phosphate	8	0	0	2
Potassium	14	42	47	61
Sulfur	2	0	28	52
Tin	77	n.a.	100	100
Tungsten	n.a.	50	87	97
Zinc	38	59	72	84

Source: Data derived from publications of the U.S. Department of the Interior cited in Lester R. Brown, *The Interdependence of Nations* (Washington D.C., Overseas Development Council, 1972). ODC Development Paper. No. 10.

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ASEAN Production as a percentage of world production, 1969

	Percent
Agricultural Products	
Abaca fibre	98.4
Rubber	81.3
Copra	64.2
Coconuts	53.4
Palm Oil	33.8
Pineapples	21.6
Palm kernels	12.9
Rice	12.3
Bananas	8.8
Tea	6.6
Sugar cane	5.2
Tobacco	4.5
Minerals	
Tin	62.0
Chromium	6.6
Bauxite	3.4

Source: Agricultural products: FAO, Production Yearbook, 1970.
Minerals: UN, Statistical Yearbook, 1970.

WAWASAN NUSANTARA AND THE INTERNATIONAL SEA SYSTEM*)

St. Munadjat DANUSAPUTRO

INTRODUCTION

The term International Sea System is used in this article to embrace the many aspects of international sea arrangements including the positive Maritime Law System as well as the "consciousness, pattern of thinking, and policy practices" relevant to the arrangements of international life on the seas. With the current development of international life, there will also be, predictably, a growing development of the consciousness of humanity in response to the growth of new norms in the field of the International Law of the Seas.

At this year's United Nations 28th General Assembly, the number of UN members rose to 135 with the entry of West Germany, East Germany and the Bahamas. While at the time of the Republic of Indonesia's entry in the 1950's, it was registered as the sixtieth member. Thus, in the span of two decades, the world "community of states" has increased twofold.

This increase in the number of states has automatically caused the emergence of changes and development in the atmosphere of the world organization's life, which of necessity has certainly affected the conditions of international life in other fields. One aspect of this change and development has also been felt in the proceedings of the UN Conference on the Law of the Seas of 1958 and of 1960 which is now being prepared for continuation in 1974.

In this context a review will be made of Indonesia's potential contribution with its National Wawasan (Wawasan Nusantara) to the growth of this new consciousness and thinking.

*) This article was previously published in *Indonesia Magazine*, No. 22, 1973.

The term *wawasan* originated from the basic word "wawas" which means "see, behold". While as a verb, *mawas diri*, the meaning is to see (behold) oneself. "In its growth into the noun *Wawasan Nusantara*, the meaning it contains is "The outlook of oneself and one's environment, in an existence which is linked in every respect, and its expansion within that environment on the basis of the *Nusantara Principle*".

The term *Nusantara* is a substitute for *Indonesia*, as our *Islands World* was called in former times. In the bibliography of Ancient India this country was called *Nusantara* (or *Dwipantara*), meaning "the islands between (continents)"¹. Meant as "continents" in ancient times were (the continent of) India and (the continent of) China, usually translated into "the Realm of India" and "the Realm of China".

In modern times *Nusantara* (= *Dwipantara*) is interpreted as The Islands World lying between two continents (Asia and Australia) and two oceans (the Pacific Ocean and the Indonesian Ocean). With its in-between position in the center of this "cross-road", *Nusantara* (= *Indonesia*) is said to occupy a "cross-road position".

The *Nusantara* cross-road position is of a specific nature because that cross-road position proves to be a world cross-road position, and so it is said that *Indonesia* occupies a world cross-road position.

Seen from this point of view there has obviously been development and graduation of the meaning and weight of *Indonesia's* cross-road position. Its interpretation in ancient times showed *Indonesia's* cross-road position only as a position between the Realm of India and the Realm of China, so that only the "environment of the Continent of Asia" was included and embraced. Thus, in its ancient form, *Indonesia's* cross-road position existed only in the continental environment.

In its present meaning and sense, *Indonesia's* cross-road position clearly shows a position between two continents and two oceans, so that *Indonesia's* cross-road position in fact exists in mondial environment. That is why it is called a world cross-road position.

At this world cross-road position *Indonesia* occupies the position at the center, and so it is said that *Indonesia* is occupying the

¹) Sanusi Pane — *Sejarah Indonesia* (History of Indonesia), I (1955) p. 13.

world cross-road's center. As the world cross-road's center, Indonesia also has the function of a linkage point and shoulders the duty of being the linkage between the four directions of the world cross-road. This geo-political fact clearly shows that Indonesia has the role and simultaneously the duty to endeavour to ensure that this world cross-road always runs smoothly and is never closed. In other words it can be said that Indonesia's performance of its duty in this role in the middle of the world cross-road will determine whether the cross-road survives or perishes.

Conscious of the nature of such a geographic position, Indonesia of necessity always places itself as *Indonesia-Raya dalam Jalan-Silang Dunia* (Indonesia-Raya at the World Cross-road), or in its abbreviated form *Indra-Jaya*. Thus is born the *Wawasan Indra-Jaya*, as is now being formulated in the topographical concept of the *Indra-Jaya World Map*.

The term *Jaya* as an abbreviation of *Jalan-Silang Dunia* (World Cross-road) also has other meanings in the Indonesian language, i.e.: (a) victorious, victory; (b) always lucky (successful, happy: not unlucky); (c) achieving magnificence. And so, the use of the formulation *Indra-Jaya*, besides portraying consciousness of the geo-political position, which it does possess from nature, it also portrays Indonesia's desire to be continuously successful in the performance of its obligation as the center and simultaneously the linkage in the middle of the world cross-road in this part of our earth¹.

Conscious of its existence as *Nusantara* in the meaning of "islands in-between (continents and oceans)", the *Wawasan Indra-Jaya* largely portrays Indonesia's outward attitude, while its inward looking view and observation shows consciousness of its existence, i.e. as one (world of) Islands, or archipelago. The word archipelago originated from the Italian term *archipelagus* (written without "h") of the Middle Ages, which means *arci* (= important; most important; principally) and *pelagus* (= sea; territory of seas). Thus its literal meaning *Arcipelago* = (most) important sea. In its later development, the word *Arcipelago* was written with an additional h, *Archipelago*.

The word *Archipelago* in the meaning of (Most) important Sea was found in, among other places, the official Text of the Agreement

1) See the author's *Indra-Jaya*, Lemhannas (1970).

of 1268 between the Republic of Venezia and King Micael Palaeologus. Meant as Arc(h)ipelago in that Agreement was *Aigaius-pelagus* (= Aigaion-pelagos), or Aigaia Sea, which at that time was considered by the countries involved to be the (Most) important Sea.

Gradually its essential meaning grew, as later Arc(h)ipelago not only meant the Aigaia Sea, but the Aigaia Sea and the "islands within". The development of this meaning gave birth to the interpretation that "arc(h)ipelago" is a body of water with islands within (= Islands sea).

Even more recent developments have shown that only the islands were meant by the word arc(h)ipelago, without mentioning its sea element. Thus, when the word arc(h)ipelago was taken over by other western languages, always writing it with the additional letter "h", "archipelago" was always interpreted as the "islands", or "group of islands" (= Islands-world, Inselgruppe).

With all the changes and developments in its form, one factor remained attached to the meaning of archipelago, i.e. that the islands were always considered as being one "whole unit". If the archipelago were subdivided or spread out there would only remain the form of an island and not the essence of an archipelago. And so was born the *Archipelago principle* which viewed "those islands always as one whole unit", where the water (= sea) element between the islands functioned as a "linkage element", and not as a "dividing element". On the basis of this conception we named our archipelago *tanah-air* (landwater = homeland).

Such an archipelago principle and archipelago outlook we found, among others, in the meaning of The Indian Archipelago as used for the first time by John CRAWFURD¹. The word Indian Archipelago was later translated into the Dutch language as: *Indische Archipel*, which according to its first interpretation was meant as a name for: "The island world, stretching from the Andaman Islands to the Marshal Islands". That part of the "Indische Archipel", which was controlled by the Netherlands, was

1) John Crawford *The History of the Indian Archipelago* 3 vols., Edinburgh (1820).

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called: "Nederlandsch Oost-Indische Archipel", i.e. the Indonesian (nation's) Tanah-Air¹.

The name *Indonesia* itself was a creation of the scholar J.R. LOGAN who in 1850 wrote in the *Journal of the Indian Archipelago and East India* that :

"..... I prefer the purely geographical term *Indonesia* which is merely a shorter synonym for *Indonesian Islands* or the *Indian Archipelago*", (page 80, etc.).

It is clear from Logan's writing that the name *Indonesia* was first a substitute for *Indian Archipelago* and covered all of the island world, from Andaman up to Marshal.

The name *Indonesia* became wellknown and even famous due to Prof. Adolf BASTIAN, professor in Ethnology at the Berlin University who wrote the book: *Indonesien oder die Inseln des Malaischen Archipels* (*Indonesia or the Islands of the Malay Archipelago*), (5 Bnd., Berlin, 1884 - '94).

Another name emerged in 1913, as used by the initiators of the "Indische Partij" which had been dissolved by the Dutch Indies Government. They set up a new party under the name of "Partij Insulinde", which was the name created by Multatuli in 1859 in his book *Max Havelaar*, (1859).

So far the name *Indonesia* which originated from the word *Indos* (*Indus* = *India*) and the word *nesos* (= *islands*), had the same meaning as "Insulinde" which originated from the word *Inseln* (= *islands*) and the word *Inde* (= *Indus* = *India*), because both had been created as a substitute for the name *Indian Archipelago*. There had been other efforts, to change it with the name *Malay Archipelago*, or *Malaysian Archipelago*, which among French scholars was called *le grand Archipel malais* and translated into *Kepulauan Malayu-Raya*, (*Greater-Malayu Islands*), or sometimes called *Nusantara Malayu-Raya* (= *Nusantara-Raya*), which reminds us of the ancient name *Nusantara*. In 1906 Father P.W. SCHMIDT created a new name *Austronesia* (= *Southern Islands*), which stretched from Madagascar to Easter Island (compare with the UNESCO Malay Culture concept).

1) See the author's *Beberapa Catatan Mengenai Nusantara* (*Several Notes on Nusantara*, Palais des Nations 1958).

In its further development, the name which became most popular was Indonesia, particularly after the setting up of an Indologi (Indology) School in 1922 by the Leiden University within the group of the *Vereenigde Faculteiten der Rechten en Letteren en Wijsbegeerte* (United Faculties of Law and Literature and Philosophy), under the leadership of Prof. C. van Vollenhoven. With the name Indonesia scientifically becoming more famous, the attention of our youth and students studying in the Netherlands was drawn, and in 1925 they changed the name of their association *Indische Vereeniging* into *Indonesische Vereeniging* (Indonesian Association), which afterwards was called *Perhimpunan Indonesia*.

With the use of the name Indonesia by the Perhimpunan Indonesia, the term Indonesia was for the first time used in a political sense, because by Indonesia the Perhimpunan Indonesia meant "The Territory of the Netherlands Indies" (= *Nederlandsch Oost Indische Archipel*). When afterwards on Youth Pledge Day in 1928, the name Indonesia was vowed to be the name of the Nation, Homeland and Language of Indonesia, then the name Indonesia was forged as the substitute for "Nederlandsch Oost Indie", i.e. that part of the territory of the Indian Archipelago that was controlled by the Netherlands. And so, when the independence of the Republic of Indonesia was proclaimed on 17th August 1945, the name Indonesia became the official name of the Indonesian Nation's Homeland, (ibidem: Indra-Jaya, Chapter VII *Filsafat dan Wawasan Indonesia* — Philosophy and Outlook of Indonesia).

Since that date of 17th August 1945, all names of *Nederlandsch Oost Indie* or its variation were changed into Indonesia. Thus, the name *Indische Archipel* was changed into *Achipel(ago) Indonesia*, and *Indische Oceaan* changed into *Semodera Indonesia*, and so on. Together with the change of names, a change and an adaptation gradually took place in its meaning and in its outlook. With the ratification of the 1945 Constitution on 18th August 1945, everything within the environment of the State of the Republic of Indonesia's life was regulated according to and on basis of the Constitution of 1945 and its principles. Concerning the "territory of the state", the Constitution of 1945 does not give a specific stipulation, except for mentioning in the preamble, the conception of "The Whole Nation of Indonesia and the Whole Country of Indonesia".

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Only in 1957 did the government of the Republic of Indonesia ascertain the boundaries of its territory.

WAWASAN NUSANTARA

Conscious of its existence as Nusantara, the Republic of Indonesia has laid down its National Wawasan as *Wawasan Nusantara* (= Nusantara Outlook).

On 13th December 1957, the Indonesian government issued an announcement concerning the Indonesian Republican State's Territorial Waters (See Appendix I).

With the issuance of the "Announcement of the Government of the Republic of Indonesia" on 13th December 1957, the *Azas Nusantara* (Nusantara Principle) and the *Wawasan Nusantara* (Nusantara Outlook) of the Republic of Indonesia was born, which indeed did draw the attention of the whole world, because here was found an application of the archipelago principle which obviously was more or less peculiar¹.

The stipulations mentioned in the "Government Announcement" were later moulded into Act No. 4 of 1960 dated 18th February 1960 (State Gazette No. 22, 1960).

And so, the *Azas Nusantara* (= Nusantara Principle) and the *Wawasan Nusantara* (= Nusantara Outlook) of the Republic of Indonesia were legally established in the context of national law.

When afterwards the generally elected People's Consultative Assembly (= MPR) met for the first time, its General Assembly, on 22nd March 1973 laid down the formulation of the *Wawasan Nusantara*, which was determined as being the "wawasan in achieving the goal of National Development" as stipulated in the MPR Decision No. IV/MPR/1973 on the General Outlines of the Course of State (= GBHN). In Chapter II E is written:

1) See the meaning of Nusantara mentioned earlier.

Wawasan Nusantara

Wawasan in achieving the goal of National Development is the Wawasan Nusantara which embraces:

1. **Appearance of the Nusantara islands as one political unity, in the meaning:**

That the wholeness of National Territory with all of its contents and wealth forms one Territorial Unity, frame, living space and unity of dimension of the whole nation, and forms the mutual asset and property of the nation.

That the Indonesian nation which comprises diverse ethnic groups and speaks various regional languages, professes different religions and convictions in God Almighty must form one national unity which is whole in the widest sense possible.

That psychologically the Indonesian nation must feel as being united, being of one fate, one Nation and one Homeland, and as of one determination in achieving the ideals of the nation.

That the Pancasila is the one and only philosophy and ideology of the nation and country which forms the basis, the guidance and direction for the nation in heading for its goal.

That all Nusantara Islands form one legal unity in the meaning that there is only one national law which serves the national interest.

2. **Appearance of the Nusantara Islands as one socio-cultural unity, in the meaning:**

That the Indonesian society is one, national life must be in accordance with the level of society's progress, which is equal, even and balanced, and the existence of a balance in life which is in concord with the progress of the nation.

That the Indonesian culture is factually one; the existing cultural varieties only portray the wealth of the nation's culture, which forms the asset and basis for the development of the nation's culture in its entirety, the results of which can be enjoyed by the nation.

3. **Appearance of the Nusantara islands as one economic unity, in the meaning :**
 - a. That the wealth of the Nusantara territory, potentially and effectively, is the mutual asset and property of the nation, and that daily necessities must be evenly available in the whole territory of the homeland.
 - b. The level of economic development must be in concord and balanced in all regions, without ignoring the special characteristics of the regions in the development of their respective economic lives.
4. **Appearance of the Nusantara islands as one defence and security unity, in the meaning :**
 - a. That a threat against an island or a region in fact forms a threat against the whole nation and country.
 - b. That all citizens have an equal right and duty in the framework of the defence of nation and country.

This is the content, frame and formulation of the Wawasan Nusantara, or the (National) Wawasan of Indonesia.

Throughout the above writing the position and function of the word Nusantara is clear; it is a substitute for the word: Indonesia, as used in the meaning of: Nusantara Islands; Nusantara Outlook; and Nusantara Principle. Concerning the meaning of *Nusantara Principle*, a clear differentiation should be made with the meaning of the *Archipelago Principle*, which is only one aspect of the meaning of the *Nusantara Principle* (= Indonesia Principle), as explained earlier.

While the Nusantara Outlook and the Nusantara Principle are already clear and firm in Indonesia's national life, this is not the case in the environment of international life, particularly within the environment of the "International Law of the Seas", which is indeed vital in the life of Nusantara.

INTERNATIONAL LAW OF THE SEAS

The Announcement of the Government of the Republic of Indonesia of 13th December 1957 in its last paragraph has made it clear that the standpoint of the *Indonesian government* would be observed at the International Conference on the Rights of the Seas which was to be held in Geneva in the month of February 1958.

Indeed, the Nusantara Outlook and the Nusantara Principle have become topics of intense consultations and debates at the United Nations Conference on the Law of the Seas of 1958, which was later continued in 1960, at the Palais des Nations in Geneva, but without the expected result. Therefore, a similar conference will be held in 1974 at the same location.

At the United Nations Conference on the Law of the Seas of 1958, the Wawasan Nusantara and the Azas Nusantara were for the first time submitted to the international forum which was then attended by the official representatives of 86 countries. The Indonesian delegation was led by Mr. Subardjo Djoyohadisuryo who at that time was Indonesia's ambassador to Switzerland. This delegation included among its members Prof. Dr. Mochtar Kusuma-atmadja SH who, in the author's opinion, played a major role in formulating the above mentioned Government Announcement up to its implementation into law and in the present practices. His experiences at the United Nations Conferences on the Law of the Seas in 1958 and 1960 have been moulded into knowledge and views as contained in his dissertation *Masalah Lebar Laut Territorial pada Konperensi-konperensi Hukum Laut Jenewa, 1958 dan 1960* (The Question of the Breadth of Territorial Sea at the Geneva Conferences on the Law of the Seas, 1958 and 1960 — Pajajaran State University, 1962).

The Announcement of the Government of the Republic of Indonesia of 13th December 1957 was the proclamation for the substitution and revision of the *Territoriale Zee en Maritieme Kringen Ordonnantie 1939* (Territorial Sea and Maritime Circles Ordinance 1939) (State Gazette 1939 No. 442). In such a position and function the above mentioned Announcement of the Government of the Republic of Indonesia might be supposed (= just a supposition) to be (the position and function of) the Independence Proclamation of 17th August 1945 on the substitution and revision of the former

political system of Nederlandsch Oost Indie. Therefore it was not surprising that the Announcement of the Government of the Republic of Indonesia created radical changes which were indeed revolutionary in the sea system of Indonesia, internally as well as abroad.

The "Sea System of Indonesia" based on the *Territoriale Zee en Maritieme Kringen Ordonnantie* 1939 was a sea system inherited from the former colonial era, which in the era of Independent Indonesia remained valid up to 1957. It was proper that this sea system had been determined on the basis of the outlook and principle of the former Dutch (colonial) government which automatically differed fundamentally from the *Wawasan* and *Azas* of Nusantara. The fundamental differences and inequalities can be explained as follows :

- (a) The sea system of the Dutch was based on the Principle of Island after Island, each having its own territorial sea with a breadth of three miles, measured from the ebb-tide mark. (Graphically described, when at each island territory a funnel were erected which towered high into the air and entered inside into the layers of the earth, then the whole territory of Indonesia would form some kind of a collection of funnels for as many as there are islands in Indonesia. Between such funnels (islands) would be found belts of open sea and air where foreign vessels and aircraft could sail freely.
- (b) The present Nusantara sea system is based on the Nusantara Principle which views the whole territory of Indonesia as one whole unity with the territorial sea having a breadth of 12 miles, measured from the line which connects the outermost points of the Indonesian (state's) islands. (Graphically described, if a funnel were erected on the territory of Indonesia, then there would be only one single funnel which towered high into the air and entered inside the layers of the earth. With the single funnel standing erect, the sea- and air-belts above which formerly had an open status, are now fully under the sovereignty of Indonesia. Nevertheless, as it is ascertained in the Indonesian Government Announcement of 13th December 1957, innocent passage on (these) internal waters for foreign vessels is guaranteed as long and as far as it does not contradict/

interfere with the sovereignty and safety of the state of Indonesia).

Taking into account the main fundamental differences between the former Dutch sea system and the present Nusantara sea system, it was not surprising that the Indonesian Government Announcement of 13th December 1957 brought about much negative reaction from abroad, and particularly from the big maritime powers who could no longer sail/fly through Indonesian territory within limit. Such reactions had been fully expected by Indonesia and were considered proper given the radical change.

One example of such negative reactions was that of the United States representative at the 1958 Geneva Conference who in response to the speech of the chairman of the Indonesian delegation, stated that:

- (a) "Now, for example, if you lump islands into an archipelago and utilize a straight baseline system connecting the outermost points of such islands and then draw a twelve-mile area around the entire archipelago, you unilaterally attempt to convert into territorial waters or possibly even internal waters, vast areas of the high seas formerly freely used for centuries by ships of all countries".
- (b) "..... by such an act, the freedom of navigation would be seriously restricted".
- (c) "..... it would amount to the taking of other persons' property as the seas are held in common for the benefit of all peoples". (UN Conference on the Law of the Seas, First Committee. Off. Rec. Vol. III — p. 26).

As it had been calculated, the objections of the foreign side centered three main problems, i.e.:

- (1) The manner in which the territorial sea is being determined around the archipelago;
- (2) The system of a "straight baseline" connecting the outermost points of the archipelago islands;
- (3) The 12-mile breadth of the territorial sea.

As can be seen from the opinion and standpoint of the United States representative, the objections were mainly based on:

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- (1) The traditional view of an archipelago with its island after island approach;
- (2) The principle of "the Freedom of the High Seas"; and the three-mile breadth of territorial sea;
- (3) Historical rights which have been valid "for centuries", as the result of this view and principle.

Basically, the source of all of these differences of opinion and view centered around the difference and contrast between the traditional conception and the modern view on the above mentioned questions. The major maritime powers generally desired to preserve the traditional situation and conception which clearly had given them an advantage in all respects.

Generally they were very sensitive to the preservation of the traditional "status quo" and viewpoint which had prevailed for several centuries, and which had been particularly confirmed during the past centuries under their deep and extensive influence. In this connection it is clear that what they interpreted as historical rights were rights which had been born from the international system of only the latest centuries, during which time they had obviously been in a very advantageous position so that all regulations and arrangements of the situation were indeed very advantageous to them, while on the contrary being very disadvantageous to the sides who were forwarding the new and progressive viewpoints.

Answering the United States representative's charges, the Indonesian delegation clearly pointed to such truths. Even in his first speech, when introducing the above mentioned questions to the conference, the chairman of the Indonesian delegation pointed out that since the Second World War fundamental changes had been taking place throughout the world, and particularly in Asia. The essence and nature of the traditional relations were determined in dealings between those in control and those who were controlled, however, such relationships had faded and been replaced by those relevant between mutually free and independent nations. Therefore, in viewing and examining current international problems, as in the case of the question of the International Law of the Seas, he urged all parties to take the fundamental changes into serious consideration.

- (a) In response to the Principle of the Freedom of the High Seas, the Indonesian delegation pointed out that this doctrine should

be viewed within the framework of modern developments and with due attention to the needs of newly independent nations. A *liberal* interpretation of the freedom of the high seas was indeed no longer in conformity with the present situation and condition of the world.

- (b) On the demand for more than a three-mile breadth of the territorial sea, this should not simply be seen as an encroachment on the freedom of the high seas, but on the contrary, should be understood as a correction of a too liberal implementation of the principle of the freedom of the high seas, as a result of which the interests of weak coastal states had been pushed back. The world was reminded that the birth of the doctrine of the freedom of the high seas itself had indeed been intended as a correction of the demands of several strong (maritime) powers in the past on the wide oceans throughout the world, as had been pointed out in the struggle of Grotius in *Mare liberum*, (1609).

The conference was expected to understand that the birth of the doctrine of the freedom of the high seas several centuries ago, on the one side, and the present birth of the demand for a more than three-mile breadth of territorial sea, on the other side, in principle had the same function, i.e.: to return the balance from a situation which was felt to be unfair.

If the demand for more than a three-mile breadth of territorial sea was seen as an "encroachment upon the sanctity of the high seas", other than the demands for "Contiguous Zones" and "Continental Shelf" as initiated by the big powers should also be reconsidered. Further, such practices as the closing of large areas of the high seas for the needs of nuclear bomb experiments by the big powers, clearly violated "the freedom of the high seas".

- (c) In answer to charges on the archipelago question, the Indonesian delegation stressed that the existence of an archipelago was not simply an "act to lump islands into an archipelago", but that we were facing a specific geographic unit. Therefore, the determination of the breadth of the surrounding territorial sea should also be in a manner which was specific and based on considerations "of high importance".

The UN conference was reminded that the archipelago question had indeed never received attention in the History of the Law of

the Seas, since the time of Grotius and even before that. The Law of the Seas was for the first time reminded of the archipelago question when it was submitted to the 1889 session of the "Institut du Droit International" in Hamburg by the Norwegian lawyer: Aubert. But it was a fact that the Institut failed to pay the expected attention. The failure and laxity of the Institut was proved by the fact that only in 1927 did it discuss the archipelago question in its sessions, which afterwards clearly awakened the attention of academic circles who discussed it at the meetings of International Law Associations.

Of official organizations it was noted that the Committee of Experts for Preparation of the 1930 International Law Codification Conference in The Hague had submitted an archipelago formulation in Article 5 paragraph (2) of its Draft-proposal, which says; "In the case of archipelagoes, the constituent islands are considered as forming a whole and the widths of the territorial sea shall be measured from the islands most distant from the centre of the archipelago", (League of Nations Doc.: C-196, M 70, 1927, V, p. 72).

Yet, the The Hague Conference was in fact incapable of reaching a consensus on this archipelago question, and the matter therefore lapsed.

During the conference itself the international Law Commission entrusted to prepare the drafts for the discussion, clearly pointed out in its explanation of Article 10 in its Draft-proposal on the archipelago, that the commission refrained precisely from forwarding an opinion due to inability to reach a consensus and due to the lack of technical data on the question.

Meanwhile it pointed to the diversity of practices of countries in determining the breadth of territorial sea close by and around the archipelago, as can be seen in the preparatory draft of Conference No. 15 (A/Conf. 13/19, 29-11-57), by Jens EVENSEN, lawyer to the Norwegian Supreme Court¹.

On the basis of these considerations, the Indonesian delegation then once more stressed its defense of the principles contained in

1) As a complement and at the same time as comparative material, the author has written an article: *Beberapa Catatan mengenai Nusantara* (Several Notes on Nusantara), (Palais des Nations, 7th March 1958), the essence of which for a large part has been restated in the Introduction).

the Announcement of the Government of the Republic of Indonesia of 13th December 1957, particularly on the lines of thinking which were based on: (a) the factor of etymology; (b) the factor of geography; (c) the factor of judicial entirety; (d) the factor of economic interdependence between the islands; (e) the factor of security and continuous neutrality in a situation of war; and (f) the factor of protection of the wealth of the sea.

That was Indonesia's opinion and standpoint in explaining and defending the Announcement of the Government of the Republic of Indonesia of 13th December 1957. Yet, however clear and convincing the Indonesian delegation's argument might be, it was proper that those sides who felt that their interests were being harmed, remained obstinate in their opposition. Meanwhile, Indonesia did not stand alone. There were a number of other countries which also had an archipelago principle, either a coastal archipelago like Yugoslavia, Norway, Chile and others, or a mid-ocean archipelago like Ecuador, the Philippines and others. On the other hand there were also many countries which possessed an archipelago but did not implement the archipelago principle due to the existence of other interests, such as Japan, Cuba, India (the Andaman and Nicobar islands), Britain and others.

- (a) It was clear from this fact that there was diversity in the standpoints of the countries which similarly had the character or characteristics of an archipelago. Besides which, there were many kinds of appearances and attitudes of countries in this world which equally belonged to the group of countries without archipelagoes. Therefore it was stated that the fact of the countries' diversity exhibited at the conference could not appropriately be ignored by treating all nations as alike which appropriately should not just be treated alike.
- (b) The diversity of the countries in their geographic appearances would become clearer if, to the aspect (= *Galra*) of geography, were added the diversity in the natural situation and wealth and their people's situation and capabilities which were usually enveloped in the conception of: Natural Appearance, or Three aspects (= *Tri-Galra*), (= the State). And even more so if to the state's *Three Natural Aspects* were added: aspects of its nation's social life which were usually broken down into the Ideological Aspect, the Political Aspect, the Economic Aspect,

the Socio-Cultural Aspect and the Military Aspect, thus forming the Five Aspects (= *Panca-Gatra*) of I(deologi = ideology); Pol(itik = politics); Ek(onomi = economics); So(sial-budaya = socio-culture); and M(ilitar = military), or *Panca-Gatra Ipoleksom*, (= The Social Life of the Nation). The more so if the state's Three Natural Aspects were made one with the Five Aspects (Ipoleksom) of its nation's social life, thus forming Eight Aspects, or the *Asta-Gatra* of the national life of every nation, then the diversity between the states and the nations of all the earth would become clearer (= the *Bhinneka Tunggal Ika* of the Community of Nations).

- (c) If we admit the existence of such diversity, it would be unrealistic if we were to implement — and even force — a uniform stipulation on one of the questions which affects the life's core of every state throughout the world. Therefore, during the debates on the questions of archipelago and breadth limit of territorial sea, there were also endeavours to direct the conference towards the achievement of a uniform stipulation. Self-evidently, those endeavours encountered rigorous opposition, particularly from the side of the new or weak states.

The contradictions were so sharp that ultimately the conference agreed to "postpone a decision on the two questions" for submittance to the following conference. By putting aside the two questions, the 1958 UN Conference on the Law of the Seas ultimately succeeded in establishing four conventions, i.e.: (a) Convention on the Territorial Sea and the Contiguous Zone; (b) Convention on the High Seas; (c) Convention on Fishing and Conservation of the Living Resources of the High Seas; and (d) Convention on the Continental Shelf. In addition to the four conventions there was also a protocol concerning the compulsory settlement of disputes (i.e. disputes, arising out of the interpretation or application of any article of any convention on the Law of the Seas of 29 April 1958, to the compulsory jurisdiction of the International Court of Justice, unless some other form of settlement is provided in the convention or has been agreed upon by the parties within a reasonable period).

- (d) On government instruction, the Indonesian delegation only signed three conventions and the Protocol on 8 May 1958, i.e.: (a) Convention on the High Seas; (b) Convention on Fishing and Conservation of the Living

Resources of the High Seas; and (c) Convention on the Continental Shelf, which were later ratified with reservation by the House of Representatives with Act No. 19 of 1961 (State Gazette 1961 No. 276). The "Convention on the Territorial Sea and Contiguous Zone" was not signed by Indonesia because no conformity of opinion had been reached as yet on the two matters. To seek a settlement of the two questions, the UN Conference on the Law of the Seas was reconvened in Geneva in 1960, where the Indonesian delegation was once more led by Mr. Subardjo Djoyohadisuryo.

The 1960 Conference on the Law of the Seas was again unsuccessful, and could be considered as having failed in settling the two questions. Another effort to achieve settlement was made with the proposal to hold another similar conference, planned to be convened in 1974.

NUSANTARA POSITION

In anticipation of the coming UN Conference on the Law of the Seas in 1974, we may cast a glance back at what has been happening during the 14 years since the conclusion of the 1960 Conference. (2) Domestically within Indonesia we have seen the result of the implementation of the conventions ratified by the House of Representatives with Act No. 19 of 1961 while upholding the reservation laid down by the people's voice through the House of Representatives on 6 September 1961. The reservation says:

"..... that by the terms 'territorial sea' and 'internal waters' mentioned in the Convention, as far as the Republic of Indonesia is concerned, are interpreted in accordance with Article 1 of the Government Regulation in Lieu of an Act No. 4 of the Year 1960 (State Gazette 1960 No. 22) concerning Indonesian Waters, which, in accordance with Article 1 of the Act No. 1 of the Year 1961 (State Gazette 1961 No. 3) concerning the Enactment of All Emergency Acts and all Government Regulations in Lieu of an Act which were promulgated before January 1, 1961, has become Act, which Article word by word is as follows:

Article 1

1. The Indonesian waters consist of the territorial sea and the internal waters of Indonesia.
2. The Indonesian territorial sea is a maritime belt of a width of twelve nautical miles, the outer limit of which is measured perpendicular to the baseline or points on the baselines which consist of straight lines connecting the outermost point on the low water mark of the outermost islands comprising Indonesian territory with the provision in case of straits of a width of not more than twenty four nautical miles and Indonesia is not the only coastal state, the outer limit of the Indonesian territorial sea shall be drawn at the middle of the strait.
3. The Indonesian internal waters are all waters lying within the baseline mentioned in paragraph 2.
4. One nautical mile is sixty to one degree of latitude."

The reservation of Act No. 19 of 1961 clearly shows that Indonesia firmly upholds the Nusantara Principle and the Principle of territorial sea width of 12 miles measured from the line connecting the outermost points of its islands. Act No. 19/1961 was ratified after 1960, and so it should be understood that all considerations have certainly been based on Indonesia's achievements and experience in the 1960 Conference on the Law of the Seas. (b) The 1960 UN Conference on the Law of the Seas was a continuation of the 1958 Conference, with the task of negotiating those questions which could not be settled in 1958. Seen from the space of its task, the 1960 Conference's appearance was more simple, but in fact, the struggle and wrestling inside were more furious and more complicated because its nature was political-diplomatic¹. In 1958 there were 86 countries present and 88 in 1960.

It was clear that the 1960 Conference was divided into two groups, i.e.: (1) That group which supports the concept of a six-mile wide territorial sea with or without the addition of a "Fishing belt"; and (2) That group supporting a 12-mile wide territorial sea. Basically, the standpoints of the countries included within these two groups could already have been gauged from the 1958

1) Dr. Mochtar Kusumaatmadja: *Masalah Lebar Laut territorial dsb.* (*The Question of Breadth of Territorial Sea etc.*) p. 131.

Conference's treatises, and particularly from the outcome of the latest voting.

The "Six-mile Group" generally centred around the Canada-USA joint proposal after a unification had occurred. The "Twelve-mile Group" united with the Proposals of the USSR and Mexico and the Proposal of 16 countries (Ethiopia, Ghana, Guinea, Indonesia, Irak, Iran, Jordan, Lebanon, Lybia, Morocco, the Philippines, UAR, Saudi Arabia, Sudan, Tunisia and Yemen). Even a passing glance makes it clear that the Twelve-mile Group commanded more votes.

(a) In reality the differences and misunderstandings between the two groups not only concerned the differing limits but also the foundation with a tendency towards the principle. The proposal of the Six-mile Group contained the following points:

- (I) The width of territorial waters was to be fixed at six miles;
- (II) This stipulation should be fixed; and
- (III) This stipulation must be uniform.

On the basis of this fact, the proposal and standpoint of the Six-mile Group was called: "Principle of Fixed Uniformity: six-miles.

On the other hand the proposal and thinking of the Twelve-mile Group advocated:

- (I) A minimum of three miles and a maximum of 12 miles;
- (II) This stipulation should always be flexible; and
- (III) These stipulations should be pluriform. Therefore the proposal of the Twelve-mile Group may be termed: The Principle of Flexible Pluriformity of 3 — 12 miles.

The Twelve-mile Group based its considerations on the facts of existence of the states in the world at present, as earlier portrayed in the Bhinneka Tunggal Ika of the Community of Nations with the implementation of a flexible pluriform stipulation, which could be fixed between (the traditional width,) of three miles and (the modern demand of) twelve miles, no one side would be disadvantaged, but on the contrary this would give an opportunity to new states to develop while returning the balance in a situation which would be felt as being more fair.

The objection was made that the opportunity to determine the width of territorial sea at 12 miles, would be felt unfair by those states which had determined on a three-mile width. There was also the possibility that with the stipulation of a 12 mile width, countries which formerly had fishing rights in that territory (=historical rights), would have to leave the area. To accommodate this objection, the Twelve-mile Group also recommended practising of the principle of reciprocity, where the coastal state (which had expanded its territorial sea) and the incoming state (which possessed historical fishing rights) could hold discussions to correct any situations which were felt to be unbalanced. The coastal state could make an exception or postpone the execution of its sovereignty rights and so give the incoming state an opportunity to adapt its enterprises to the new conditions.

- (d) The implementation of the principle of flexible pluriformity within the scope of variability between three and 12 miles would indeed satisfy many interests if coupled with an acceptance of the reality of a Community of Nations which were indeed pluralistic in all aspects of their respective *National Life's Asta-Gatra*. Among the Six-mile Group there were several sides who wanted to convince the conference of the supreme importance of one aspect of the National Life's Asta-Gatra, i.e. The Aspect (= Gatra) of *Defence and Security*, which was made the basis for their conclusions. This standpoint and line of argument was too one-sided and disavowed the "essence of balance and appropriateness in life". Therefore, while such arguments usually satisfied their advocates because they had been formulated systematically and logically, they were not necessarily correct as all that is logical, need not be true.
- (c) In their further endeavours to achieve their goals, these parties sometimes proposed to follow the path of compromise. However, it was to be regretted that the contents of their compromise proposals were also determined "fixedly and uniformly", while the real question to be solved indeed lay in the "essence of pluriformity" in the existence of the states which were living in the spirit and desire for mutual respect, on the basis of equality and sovereignty, so that a democratic way is always desired for the solution of questions.

That is why the tone of debate at the forthcoming Conference on the Law of the Seas will not move far away from the above mentioned basic questions, excepting that in the last fourteen years new consciousness has emerged within the environment of the Community of Nations. This assumption and hope is indeed not without foundation if account is taken of the present world sentiment which has entered an *atmosphere of détente* between the big powers which formerly lived in an *atmosphere of confrontation* (= cold war).

NUSANTARA SECURITY

The atmosphere of this decade of the 1970's is indeed signified by the subsidence of tensions between the big powers which in the decade of the 1960's always created anxiety everywhere. According to the explanations of experts, this atmosphere of détente is felt particularly by the nations of Europe where in the past were found the sources of the cold war which gripped the world for almost two decades.

With the achievement of an atmosphere of détente in Europe, we have often seen new developments in the form of a transfer of the big powers' struggle for influence to the Asian and African parts of the world. The interests of the big powers collided in the territory of Asia and Africa, where newly independent young countries were engaged in the middle of their respective national developments.

It is an inherent characteristic of a developing country that its national resilience is still fragile in all respects, and therefore easily entered by endeavours of penetration, infiltration and subversion from the big powers wishing to establish their influence through peaceful means. It is exactly this kind of danger and threat which always creates anxiety among small and new countries, although it is said that the general atmosphere is now being engulfed by détente. Yet, the atmosphere of détente apparently affects only the big powers, and therefore only minimizes the possible emergence of a general war as a result of friction between the super-powers themselves.

With Asia and Africa now becoming the field of competition and the territory for capturing influence between the big powers, it is at times possible to observe the symptoms of a clash of interests between the big powers in these areas. Since the decade of the 1950's political-military tension has grown and emerged around the Bay of Korea, the Gulf of Tonkin, the Gulf of Thailand, the Gulf of Bengal, the Gulf of Karachi, The Persian Gulf, the Gulf of Aqaba and the Gulf of Mozambique, as if encircling all the coasts of East Asia, Southeast Asia, South Asia, Southwest Asia and East Africa. The chain of political-military tensions along the coasts of Asia and East Africa apparently continued through Zanzibar, Madagaskar, Aden, Sokotrá, the Maldive Islands, Ceylon, the Malaysia-Thailand border, the Kalimantan-Serawak border, Mindanao, Taiwan and Okinawa.

Noting such facts, one may ask whether these developments can be said to be just coincidence? In fact, if this chain were followed, it would become clear that this area of tensions were as though regulated and directed towards the territory of the Pacific Ocean and the Indonesian Ocean as being one extensive field, which before the arrival of western nations to this area was called in ancient Indonesian terminology: Tagaroa (= *Taga* = *Telaga* — lake; and *Roa* = *luas* — extensive), which is a similar expression to that now still being used in the Sanghir dialect¹.

Apparently the extensive territory of Tagaroa or the Pacific Mandhala (= Environment) and the Mandhala of the Indonesian Ocean are now being competed for by the big powers which all want to establish their influence and interests in that area. Connected with such developments, one strongly suspects that the contradiction, the tumult and ultimately the failure of the UN Conference on the Law of the Seas in Geneva are also linked up with that situation.

For the last fourteen years, and especially after the conclusion of the 1960 UN Conference on the Law of the Seas, many fundamental changes have taken place in the atmosphere of world politics, which have particularly influenced the general situation in Asia and Africa. We have experienced the change in world politics from bi-polarisation to multi-polarisation, where the struggle of nations, formerly considered to be just second class, has succeeded

1) See the author's *Astra-Jaya* (1972) p. 333.

in lifting them up to equality with the superpowers of the past. Since the beginning of the decade of the 1970's we have seen the participation of Japan and the *People's Republic of China* in the concert of superpowers, which in former times had been monopolized by the white nations. With the emergence of two Asian giants in the concert of superpowers, the direction and aptitude of world politics should properly follow a sufficiently radical change, in the meaning of becoming more Asia oriented.

We have often heard that the present atmosphere of détente (between the superpowers) was mainly caused by US rapprochement towards the *People's Republic of China* and US rapprochement towards the Soviet Union and Japan's new pattern of rapprochement towards the other superpowers. Meanwhile, the concern of medium and small powers was often expressed that the present atmosphere of détente may provide the opportunity for the concert of superpowers to divide the world into their respective influence spheres just like a cake.

Notwithstanding the atmosphere of détente, the existence of competition and contradiction between the superpowers persists with such struggles usually being fought out in the territories of medium and small powers, who, as a result, have become victims. Local wars raging in several parts of Asia and Africa have clearly shown these countries to be falling victim.

Although there is an atmosphere of détente, we know that generally there has been no significant change for the last 14 years in the basic global strategies of the superpowers. Apparently the "Five Fingers Policy" of the superpowers has at present only changed in emphasis, in the sense that the territories of Asia and Africa have obviously become the centres for their efforts. The world is too well versed in the *Global Strategy* of Moscow and Peking who always consider Asia, Africa and Latin America as the villages of the world which have to be tilled for the encirclement of the cities of the world which are Western Europe and North America. Is it not certain that these Moscow and Peking strategies are matched by the Washington and Tokyo strategies? The world is accustomed to the Nixon-Kissinger Doctrine and the Tanaka-Nakasone Pattern.

Within the competition and struggle between the superpowers themselves, we know how sharp the difference is between Moscow

and Peking. In Mendes France's publication: *Dialogues avec Asia d'aujourd'hui*, 1972, can be read how strong the Soviet Union's "lobster-claw encirclement" of the People's Republic of China is, starting in the north on the mainland of Siberia with an army of one million, linked up with more than 300,000 in Mongolia and guided missiles directed towards the cities of the People's Republic of China, and further united with its naval force moving south of India and Bangla Desh, and directed further towards the *Malacca Straits* for a break-through to the Pacific Ocean thereby a linking up with Vladivostok which is the Soviet Union's main naval base for the Pacific. It was on this strategy of encirclement of the People's Republic of China, at the Soviet Union's Communist Party Congress in 1969 that First Secretary Leonid BREZHNEV voiced his idea of an Asian Collective Security Pact, which later became known as: *Brezhnev's Doctrine*.

It is exactly because of this development in the Soviet Union's strategy to encircle the People's Republic of China that a new problem has arisen for Indonesia and its neighboring countries in the form of the *Problem of the Malacca Straits* which certainly will also become a topic for debate at the coming 1974 UN Conference on the Law of the Seas. When this problem of the Malacca Straits becomes a topic for debate, then everyone must certainly take into account the atmosphere and tendency of the political-military development as earlier described. Especially for Asian countries, the Malacca Straits Problem will certainly always be connected with the Brezhnev Doctrine which willynilly will also have an impact and influence.

The *Brezhnev Doctrine* which clearly proposed an Asian Collective Security Pact, has been rejected by Indonesia because it indeed contradicts her policy of always rejecting the conclusion of pacts. It is to be expected that the view and standpoint of Indonesia in this matter is well-known throughout the world. Indeed, if Indonesia is really conscious of its position and function as *Nusantara*, as explained earlier, the idea of joining a pact with any one continent or ocean she would in fact invalidate the very concept of the world crossroad. It is exactly this position and function of Indonesia as *Nusa* (Country) lying *Antara* (Between) two continents and two oceans which automatically places Indonesia in the role of always "standing firmly on its feet" in the middle of this world cross-way

so that all traffic can proceed normally and smoothly, without any disturbance.

If Indonesia with its strategic geo-political position, were to indiscriminately join pacts, she would certainly no longer have an objective view in participating in the establishment of an orderly world based on independence, eternal peace and social justice, particularly in the field of world traffic at its cross-road. If only on the basis of its geographically essential position, Indonesia could not possibly participate in the formation of such pacts. On the basis of similar considerations, one of the pedestals of the Republic of Indonesia's foreign policy, which is known as an Active Independent Policy, would be obvious.

Conscious of the Nusantara position and of her function as the central point and the linkage at its world cross-road, Indonesia always adopts the standpoint of making its world cross-road a living concept in accordance with the content and spirit of the Wawasan Indra-Jaya¹.

In the interest of security, whether internal security and order or external security and defence, Indonesia's specific conception is national resilience. With increasing growth and development of its national resilience which is dynamic endurance and perseverance of the nation against dangers, threats, obstacles and opposition, (either internal or external) which endanger the continued existence of its national life, Indonesia is self-confident on the basis of the consciousness and spirit of the whole people².

In the development and elevation of the respective nations' national resilience, Indonesia always invites its neighbours to respectively endeavour to foster the growth of their respective national resilience and cooperate afterwards for the growth of regional resilience.

On the problem of the Malacca Straits the interests of the big maritime powers: the Soviet Union, Japan and the United States, are conflicting with the interests and security of the coastal countries bordering the Malacca Straits: Indonesia, Malaysia and Singapore.

1) St. Munadjat Danusaputro: see Writer's article Indra-Jaya in relation with his second article *Asia-Tenggara dalam Jalan-silang Dunia* (= Astra-Jaya) — Southeast Asia at the World Crossroad, Lemhannas 1972:

:) *ibid.* Astra-Jaya p. 272.

On the basis of Act No. 4 of 1960 and Act No. 19 of 1961 Indonesia applies the stipulation of a 12-mile wide territorial sea or where the limit of her territorial sea meets Malaysia's territorial sea, which is also 12 miles wide, in the middle of the Malacca Straits. A bilateral agreement has solved this problem satisfactorily. The whole of the Malacca Straits, which is enveloped in the territorial seas of the two countries, is the national sea of the two involved countries.

Linked with the Malacca Straits is the Singapore Straits which is bordered by the Republic of Singapore, Malaysia and the Republic of Indonesia. To date the Republic of Singapore maintains the width of its territorial sea at three miles. Unlike Malaysia, Indonesia does not as yet have a bilateral agreement with the Republic of Singapore on territorial waters.

On 16 November 1971 a consensus was reached between the three countries: Indonesia, Malaysia and Singapore, on the safe conduct of shipping in the Malacca and Singapore Straits. The *Joint Statement* of 16 November 1971 says:

1. The three governments agree that the safe conduct of shipping in the Malacca Straits and in the Singapore Straits is the responsibility of the involved coastal countries.
2. The three governments agree on the need of trilateral cooperation for the safe conduct of shipping in the two straits.
3. The three governments agree on the formation as soon as possible of a body for cooperation in the coordination of endeavours for the safe conduct of shipping in the Malacca Straits and the Singapore Straits.
4. The three governments agree that the question of the safe conduct of shipping and the problem of internationalisation are two separate problems.
5. The governments of the Republic of Indonesia and Malaysia agree that the Malacca Straits and the Singapore Straits are not international straits, though fully admitting the use of those straits for international shipping in conformity with the principle of innocent passage. The government of Singapore duly takes note of the position of the governments of the Republic of Indonesia and Malaysia on this matter.

6. On basis of the understandings mentioned above, the three governments agree on the continuation of hydrographic survey¹.

The agreement and consensus between the three countries did indeed use the title *Safety of Shipping*, yet the basic considerations of the agreement are manifold. Besides the question of shipping will be seen the question of security, preventing the use of the two straits for the manoeuvres of foreign ships. Furthermore, economic considerations to protect/safeguard sea resources such as fish and the like, from the effects of sea pollution caused by leakage/oil pollution from ships, and particularly from oil-tankers.

On the idea of internationalisation of the Malacca Straits, there were indeed many commentaries around the time that the Three Countries Joint Statement was issued. The idea was first launched by several Japanese circles, although the Japanese government itself has not stated its standpoint. These commentaries were associated with the results of the Malacca Straits survey carried out by the Four Country Survey Team (= Indonesia, Malaysia, Singapore and Japan). The survey verified shallowness at 21 places in the Straits while also noting that four lighthouses were found to have moved several hundred metres from their mapped positions. The matter of shallowness at 21 places subsequently vailed a new question: if the shallow places were deepened, it would be possible for tankers of over 200,000 DWT to pass through the Malacca Straits. However, if the big tankers were granted such passage, there would also be the danger of large-scale sea pollution which could destroy the fish and all the animal and vegetable wealth of the Malacca Straits with the result that thousands of Indonesian, Malaysian and Singaporean fishermen would loose their source of livelihood.

For a country such as Japan, which depends heavily on oil supplies from the Middle East, it would be very advantageous if the Malacca Straits were internationalised, because its tankers could freely pass through these Straits thereby clearly shortening the route of its oil transportation. If the Japanese tankers could not pass through the Straits of Malacca, they would be obliged to sail across the Indonesian Ocean, along the west coast of Sumatra, the southern coasts of Java and Bali, then enter the Lombok Straits and the Straits of Macassar towards Japan or towards the

1) Quoted from daily *Sinar Harapan* 1-12-1971.

Pacific Ocean, which clearly would be a far longer route, and would certainly increase transportation costs.

Besides the interests of commercial ships, internationalisation of the Straits of Malacca would also be an advantage to the naval fleets of the United States and the Soviet Union, which both want free passage from the Indonesian Ocean into the Pacific Ocean or otherwise. During the same period was announced the British intention to withdraw its military forces engaged in the execution of its East-Suez policy, while the United States was preparing to implement its Nixon Doctrine. On the other hand, to fill the vacuum in the Indonesian Ocean, the Soviet fleet, always needing a short route to reach the Pacific Ocean where Vladivostok lies, was immediately moved into the area.

Therefore the security-defence aspects of the Malacca question were immediately signified. As has been stipulated in the Three Country Statement, Indonesia and Malaysia firmly reject internationalisation. This differs from Singapore which always wants shipping to develop more freely on the Straits of Malacca and the Straits of Singapore.

Singapore's standpoint is understandable given that she is the largest transit harbour in Southeast Asia and a centre of trade and oil-refining which form the main source of income for the state and its people. There are three large oil-refineries in Singapore: Pasir Panjang (20,000 barrels a day), Sungai Jurong (27,000 barrels a day) and Pulau Bukom (125,000 barrels a day). For its economic interest, Singapore could not immediately join the standpoint of Indonesia and Malaysia. To seek a settlement of the question, satisfactory to all sides, trilateral negotiations will be held in the near future, before the Conference on the Law of the Seas in Geneva in 1974.

SUMMARY AND CONCLUSIONS

By following the explanations contained in the above 17 points, a number of conclusions can be stated:

- (a) While the Independence of Indonesia was proclaimed on 17th August 1945 and the Republic of Indonesia was then regulated according to the 1945 Constitution which is based on the Pancasila state philosophy, the (Sea) Territory of Indonesia was indicated by the Government Announcement of 13 December 1957, and then regulated in Act No. 4 of 1960 which contained the Nusantara Principle and Outlook.
- (b) The Nusantara Outlook was then definitively formulated and established in the People's Consultative Assembly's Decision No. IV/MPR/1972 dated 22 March 1973, in which was included the Principle of Unification (= the Principle of unification in totality and wholeness, suitability and conformity, balanced evenly).
- (c) The Nusantara Outlook contains inwardly the Principle of Unified Archipelago, and outwardly the In-between Principle which places Indonesia at a world crossroad position and so creates the appearance of Indonesia-Raya at the World Cross-road (= Indra-Jaya).
- (d) The Principle and Outlook of Indra-Jaya are not only attached to Indonesia's geographic position, but also envelop all the Eight Aspects of the Asta-Gatra of its national life, which can be broken down into: the State's Natural *Tri-Gatra* (= Three Aspects) as the framework, and the *Panca-Gatra* (= Five Aspects) of the nation's social life as the contents. When unified into the Asta-Gatra (= Eight Aspects) of the national life the dynamics of its Rule of Conduct will be obvious.
- (e) The system of problem-approach on the basis of Asta-Gatra is the system of seeing and of outlook towards a phenomenon which elevates the results of scientific research and findings to the level of comprehension, thus forming a comprehensive scientific method which views and surveys each object in total-wholeness, suitable conformity, and even balance (= unified), as contained in the Nusantara Outlook which is based on the Pancasila. That is the reason why the comprehensive scientific method with the Asta-Gatra approach-system is sometimes called: the Pancasila Methodology¹.

1) St. Munadjat Danusaputro: — *Methode Ilmiah-Komprehensif dan Tatapendekatan Asta-Gatra* (Comprehensive Scientific Method and Asta-Gatra Approach-system) Jakarta 1973.

- (f) In the implementation of the Nusantara Principle and Outlook on determining and regulating Indonesia's sea system, its role and influence is quite obvious in the creation of radical changes to the traditional sea system which has been inherited from the past when relations between nations were more wholly determined through a pattern of the controller and the controlled.
- (g) The change and overhaul of the sea-system caused the emergence of differences of opinion and interest between historical rights and traditional practices and new rights with the grade of correction towards a situation which is unbalanced and felt as being unfair.
- (h) In seeking and achieving a settlement of the differences of opinion and of interests, on the basis of mutual sovereignty and mutual respect in an atmosphere of equal freedom and independence, between states throughout the world, the implementation of the principle of flexible pluriformity in variable standardization is recommended.
- (i) In the face of the differences and contradictions between the principle of flexible pluriformity on basis of a variable standardization between three and twelve miles versus the principle of fixed uniformity on basis of a fixed standard of six miles for the determination of the width of territorial sea, there should be conscious awareness of the reality that the countries on the face of the earth exhibit great diversity and therefore any considerations which treat them as uniform will be both very difficult and indeed unfair.

The compromise proposal of a fixed and firm standardization of six miles, in fact only appears a compromise from the point of formality in the way of approach, however, the material content of the recommendation is itself still a uniform and fixed standardization, based on fixed number, and therefore it cannot possibly settle the contradiction between the principle of flexible pluriformity and the principle of fixed and firm uniformity.

- (j) Any arguments based on the statement that a twelve mile limit would be meaningless given the state of modern technology, where particularly for defense-security purpose the advent of modern war equipment has made such limits of little practical

value, also must be seen to apply to the alternative three and six mile boundaries and therefore must be considered as irrelevant to the debate. The determination of a country's territorial waters has never been based on any single consideration.

It is admitted that during the Conference on the Law of the Seas in 1958 and 1960, the United States objected to the 12-mile limit, mainly on the basis of its anxiety that such sea belts may prove a shelter for Soviet submarines, especially in sympathizing new countries, while at that time the United States and its allies were engaged in a deadly confrontation with the Soviet Union and its allies, in the atmosphere of the Cold War. Whether such arguments, remain as valid given the present atmosphere of détente between the superpowers, is in reality more of a political-military rather than judicial decision.

- (k) Taking the question of the *Straits of Malacca* as an example, the implementation of a 12-mile territorial sea by Indonesia and Malaysia has made all of this strait the national sea of the two involved countries, thus bringing into effect the stipulation which obliges foreign shipping to uphold firmly and to carry out the stipulations of innocent passage as has been regulated in Article 14 - 17 of the Convention on the territorial sea and contiguous zone. For traffic of foreign war ships, a permit from the coastal state is always needed beforehand.
- (l) In the above example and also seen in the Republic of Indonesia's Government Announcement of 13 December 1957, it is quite obvious that in determining the width of territorial sea in particular, and the sea system in general, the state based its action on manifold considerations.
- (m) Because of the diversity of the considerations determining the practices of states, the delineation of territorial waters is usually accompanied by the so-called *Contiguous Zone*, where the involved coastal state has certain rights, either exclusive or limited, for instance for the control of custom and excise duties, health protection, defence and security, neutrality, fishing, criminal jurisdiction, civil jurisdiction. How great the diversity is in the practices of the states in this matter can be seen from the following table:

CONTIGUOUS ZONE

TERR. SEA

	Customs Excise	Health	Defence Security	Neutrality	Fish	Crime Juris	Civil Juris
Argentina	3 miles	12 miles	12 miles	3 miles	10 miles	5 miles	3 miles
Chile	50 km	100 km	100 km	—	—	—	—
Cuba	3 miles	12 miles	5 miles	—	3 miles	3 miles	—
El Salvador	200	—	—	—	200	—	—
Malaysia	12	—	—	—	—	—	—
France	3	20 km	3—6	6	3	—	—
India	6	12 miles	—	—	100	—	—
Indonesia	12	—	—	—	—	—	—
Saudi Arabia	12	18	18	—	—	—	—
People's Republic of China	12	—	—	—	—	—	—
USA	3	12	—	—	—	—	—

Quoted from Dr. Mochtar: *ibidem*, p. 318 etc.

- (n) Especially on the contiguous zone for defense-security and neutrality, beside practices of a fixed determination as mentioned above, there are also other practices, for instance: Twenty-one American countries in the 1939 Panama Conference determined the width of the Neutrality Zone at 300 miles, while the United states has determined an "Air Detection & Identification Zone" (ADIZ), of a width of hundreds of miles, outside its territorial sea.
- (o) As has been made clear in the Three-Country Statement on the *Straits of Malacca/Straits of Singapore*, besides the rights of the coastal states, they also have the responsibility and the task in the direction, management and regulation of the territorial sea, in the interest of shipping safety. This task is often very heavy, so that it has been used (by several big powers) as a reason for the rejection of the demand for a 12-mile wide territorial sea. For Indonesia, the implementation of the Nusantara Principle, has shortened the length of its coast line and greatly simplified its measurement. If the principle of island-after-island were to be applied, with each island therefore having its own territorial sea, the length of Indonesia's coast would be more than three times that of the equator, a point which has been stressed before the Conference.

The above discussion presents a series of factors felt relevant to the growing consciousness and increased comprehension associated with the development of a Modern International Law of the Seas, and in particular it seeks to supply a few facts and observations concerning the archipelago existence in general and the Nusantara existence in particular.

THE INDONESIAN QUARTERLY

Appendix I

CABINET OF THE PREMIER REPUBLIC OF INDONESIA JAKARTA

ANNOUNCEMENT OF THE GOVERNMENT ON THE TERRITORIAL WATERS OF THE STATE OF THE REPUBLIC OF INDONESIA

The Council of Ministers, at its session of Friday 13th December 1957 discussed the question of the territorial waters of the State of the Republic of Indonesia.

The geographic shape of Indonesia as an islands state consisting of (thousands) of islands is of specific characteristic and pattern.

For territorial entirety and for protection of the Indonesian State's wealth all islands and seas lying in-between must be considered as one whole unity.

The delimitation of the territorial seas as stipulated in the "Territoriale Zee en Maritieme Kringen Ordonnantie 1939" (State-Gazette 1939 No. 442) article 1 paragraph (1) is no longer in accordance with the considerations mentioned above, because it divides the land area of Indonesia into separate parts with their own respective territories.

On the basis of those considerations the Government declares all waters around, between and those connecting the islands as included in the State of Indonesia, irrespective of the mainlands of the State of Indonesia, and in that way parts of the wide waters of their breadth are proper parts of the internal or National area which are under the indisputable sovereignty of Indonesia. Innocent passage on these internal waters for foreign ships is guaranteed as long as and as far as it does not contradict/interfere with the sovereignty and safety of the State of Indonesia.

The delimitation of the territorial sea (the breadth of which is 12 miles) is measured from the line connecting the outermost points of the islands of the State of Indonesia.

WAWASAN NUSANTARA

The stipulations mentioned above will be regulated by law as soon as possible.

This standpoint of the Government will be observed at the international conference on the rights of the seas which will be held in Geneva in the month of February 1958.

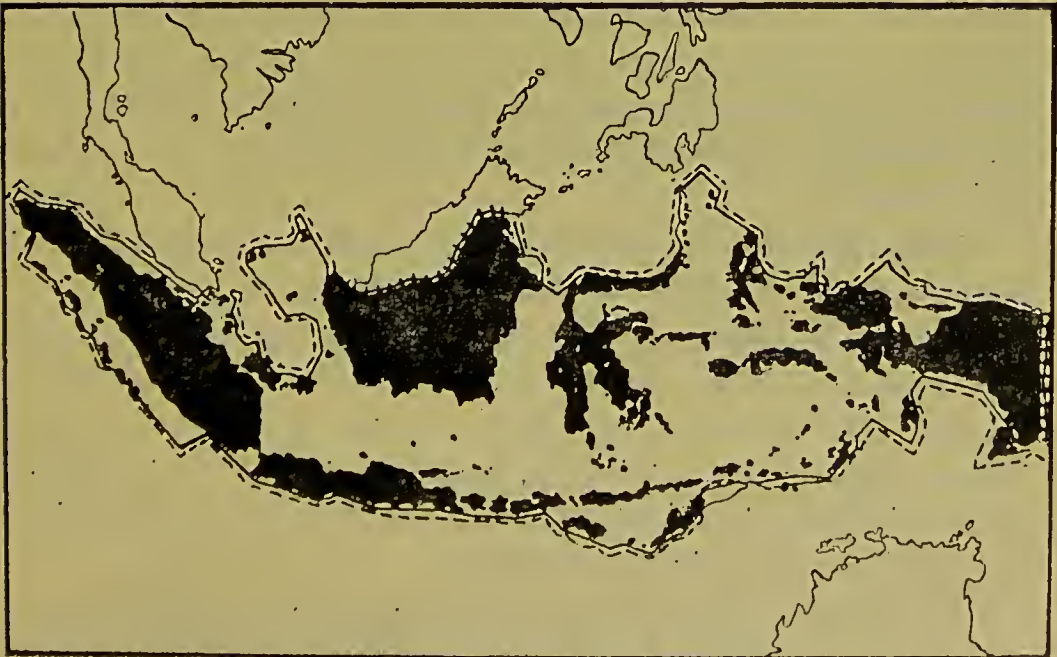
Jakarta, 13th December 1957

THE PREMIER

signed

H. DJUANDA

The NUSANTARA islands as one unit in politics,
social culture, economics, defence & security



CHRONICLE

MAY

Internal Affairs

Some important events took place during the month of May including: changes in the highest echelon of the Armed Forces, a meeting in Penang between President Soeharto and Tengku Abdul Razak and a further meeting in Menado between President Soeharto and President Marcos of the Philippines.

On May 4, Lt. General Poniman was nominated Commander of the First Defence Territory to replace Lt. General Widodo, who was appointed Commander of the Second Defence Territory to replace Lt. General Makmun Murod.

On May 10, Lt. General Makmun Murod was inaugurated Chief of Staff of the Army taking the place of General Surono, who was appointed Deputy Commander of the Armed Forces. In his inauguration address President Soeharto warned against all activities that represented a manipulation of democracy, the law and the Constitution. The President emphasized that the January 15th affair tended to do these things. "It is the duty and the right of the President to take all necessary actions to safeguard the law and the Constitution for the benefit of the people and for the continuity of development".

From May 13 to 17, Joint Military Exercises "Wibawa V" took place on the borders of East and Central Java.

On May 2, Education Day, Dr. Syarif Thayeb, the Minister of Education and Culture, expounded the education programs for the coming Pelita II and further announced that during the period of Pelita I 6.000 primary schools had been built throughout the country in line with the primary school program orientation of meeting both quantitative and qualitative demands.

From May 7 till 11 a conference on the study of Malay Culture was held in Bali. Delegates to this UNESCO sponsored conference

represented six member countries, i.e. Thailand, the Philippines, Singapore, Madagascar, Malaysia and Indonesia.

The session of the Council for Political Stability and National Security took place on May 14 with discussions mainly centering on the ICCS, the press and the January 15 affair.

On May 20, Hari Kebangkitan Nasional (National Awakening Day) was celebrated in Indonesia. Several historical buildings and monuments were inaugurated. "All of these buildings are meant primarily for educative purposes; and then secondly for tourism", said the President.

On the same day, State Secretary Soedharmono presented the draft of the Bill on Regional Government to the House of Representatives.

From May 3 to 5, an informal meeting took place between President Soeharto and Tengku Abdul Razak at Penang. Three main items dominated the agenda namely; the Nusantara Vision (Wawasan Nusantara), diplomatic relations between Malaysia and the People's Republic of China and relations between Malaysia and the Philippines. Malaysia fully supported the idea of Wawasan Nusantara. Tengku Abdul Razak explained to President Soeharto the reasoning behind Malaysia's decision to open diplomatic relations with China, while on the issue of Sabah and the Southern Philippines, President Soeharto urged that these matters be solved through discussions between Malaysia and the Philippines.

From May 29 to 30, an informal meeting took place between President Soeharto and President Marcos in Menado. The discussion focussed on bilateral, regional and international problems. State Secretary Soedharmono explained that both countries had agreed upon the principle that regional conflicts were to be settled by the respective states without interference from outside parties. Meanwhile it was announced that ASEAN was to be promoted to become an effective mechanism for peace, stability and progress.

Foreign Relations

On May 2, Indonesia's House of Representatives withdrew its membership from the Asian Parliamentary Union.

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At the 16th IGGI Conference in Amsterdam, presided over by Drs. J.P. Pronk, an EEC delegation for the first time participated as observers. This year was considered by the Conference as a transitory period towards a better Indonesian economic life.

On May 1, the 25th conference of the ASEAN General Secretaries was held in Jakarta, followed by the ASEAN Standing Committee's sessions on May 2. The conference of ASEAN Foreign Ministers was further held in Jakarta from 7 to 9 May at which several important decrees were issued, namely that the ASEAN Central Secretariat was to be established and that Jakarta had been chosen as its permanent headquarters.

JUNE

Internal Affairs

On June 1, a charter was awarded to President Soeharto naming him Honorary Patron of the World Scout Movement while Scouter Campbell further invested the Bronze Wolf Award to the Vice-President.

On June 3, a two day session of all Provincial Governors was opened by the Minister of Internal Affairs. The session discussions were focussed at three main points: the coming 1977 general elections, the Pelita II and agrarian matters.

On June 5, the Minister of Education and Culture explained that private institutions of higher education that could not meet basic requirements would be closed.

During this period discussions have been held regarding the demands for such personnel for both general health and training concentration in Jakarta is felt to be highly undesirable given the demands for such personnel for both general health and training institutions requirements in other provinces.

Also during this period considerable debate was aroused when it was reported that through Radio Hilversum, J.P. Pronk, the

Netherlands Minister for Development Cooperation and Chairman of the IGGI, had made statements stressing that development aid to Indonesia was to be based upon three conditions: (1) it must support a growth that is not capitalistic in nature; (2) it must be oriented to small peasants etc.; (3) there ought to be a relation between social, economic and political growth. If these conditions were not fulfilled, the Netherlands had to reduce the amount of the aid. "The last extreme consequence is that the aid must stop", said Pronk, "because as a socialist government we cannot keep going along these ways".

On June 6, Mr. Widjojo Nitisastro declared that while the Indonesian Government appreciated the aid extended by the Netherlands, Indonesia was definitely not prepared to accept any external interference in her domestic affairs. In reply to this statement the Bureau for Development Cooperation of the Netherlands Ministry of Foreign Affairs explained that the Netherlands government had no intention of interfering in the domestic affairs of the developing countries.

On June 7, the Indonesian Minister of Justice, Professor Mochtar Kusumaatmadja and the Prosecutor General of Malaysia, signed an extradition agreement between Indonesia and Malaysia.

On June 8, President Soeharto, accompanied by Foreign Minister Adam Malik and State Secretary Soedharmono, arrived at Tampak Siring, Bali, to welcome President Ne Win of Burma. On June 9, discussion began between the two Presidents, followed by a further meeting on June 12, at Tawangmangu, Central Java. On June 13, the unofficial visit ended, with the departure of President Ne Win.

On June 15, the Jakarta Fair was opened by Vice President Hamengku Buwono. On the same day the position of the Governor of the National Defence Institute was transferred from Lt. General Kosasih to Lt. General Sayidiman, the latter of whom was formerly Deputy Chief of Staff of the Army. Lt. General Wahono had in the meantime been appointed as Deputy Chief of Staff of the Army.

On June 17, the Indonesian Ambassadors to Eastern European countries were received by the President after being called home for consultations. On June 19, President Soeharto received Marshall Rusmin Nuryadin, the retiring Ambassador to Great Britain and notified him of his imminent appointment as Indonesian Ambassador to the United States.

Changes also took place within the Navy and the Police. On June 22, the Department of Defence and Security, appointed Vice Admiral R. Subyakto as Chief of Staff of the Navy to replace Admiral R. Subono. Meanwhile Police Lt. General Widodo Budidarmo was appointed Police Chief to replace Police General Drs. M. Hassan.

On June 24, Amir Murtono, General Chairman of the Golkar, opened the national meeting of the Golkar Youth.

On June 25, a limited session of Ministers involved in the field of welfare was held presided over by the President to discuss labour questions. The President suggested that workers in private enterprises form unions. This idea was fully supported by the FBSI (All Indonesia Labour Federation).

On June 29, President Soeharto discussed economic and financial affairs with Widjojo Nitisastro, Ali Wardhana and Rachmat Saleh.

In the meantime the House of Representatives was occupied with discussions of the Bill on Regional Government.

Foreign Relations

The Jakarta Anniversary Cup Tournament was opened by the Vice-President. Five teams participated in the tournament: Burma, Japan, South Korea, Malaysia and Indonesia.

On June 2, R.A. Peterson, the Administrator of the UNDP, paid a courtesy visit to President Soeharto. On the same day Mr. Maori Kiki, the Foreign and Defence Minister of Papua New Guinea, arrived in Jakarta for an unofficial visit. It was announced that Papua New Guinea would soon open a consulate general in Jakarta.

On June 11, Mr. Ramos Horta of the Social Democratic Party of Portuguese Timor arrived at Jakarta and was received by Deputy Chairman of the House of Representatives. Issues concerning the possible political independence of Portuguese Timor and its possible integration with Indonesia were discussed. Mr. Ramos Horta also visited Foreign Minister Adam Malik. The Foreign Minister explained that Indonesia had no intention of interfering in the domestic affairs of Portuguese Timor and further that she will always support the independence movement.

On June 11, the Police Chief of the Philippines, General Ramos, arrived in Jakarta as the guest of Indonesia's Police Chief General M. Hassan. The Indonesian Minister of Defence and Security, General Panggabean, invested General Ramos Horta with a "Bhayangkara Utama" decoration.

On June 18, Vice-President Hamengku Buwono opened the Asian Pacific Dental Congress in Jakarta.

On June 20, a conference on the law of the sea was opened at Caracas, Venezuela. The Indonesian delegation to the conference was led by Professor Mochtar Kusumaatmadja, the Minister of Justice. At this conference Indonesia planned to expound the Wawasan Nusantara principle.

On June 21, the Fifth Conference of Foreign Ministers of the Islamic countries was opened in Kuala Lumpur. The Indonesian delegation was led by Mr. Adam Malik.

On June 25, shortly after the conference of the Foreign Ministers of the Islamic countries, Sayid Omar Assakaf, the Foreign Minister of Saudi Arabia, arrived at Jakarta for his visit to this country.

On June 27, the Lebanese Foreign Minister Fouad Naffa was received by President Soeharto.

JULY

Internal Affairs

On Juli 2, the House of Representatives ratified the draft of the Bill on Regional Governments. The ABRI faction explained that the bill fulfilled the democratic aspirations according to the Pancasila principle. The ratification of this bill nullified the former bill of 1965 No. 18. According to the Partai Persatuan Pembangunan, this bill will only be meaningful if regional governments can emerge which truly reflect the aspirations of the people. In the meantime Partai Demokrasi Indonesia affirmed that by establishing only two levels of regional governments, there was the danger that improved welfare may be limited to urban areas. The Golkar faction stressed

that democracy was not to be identified with autonomy. It should always be kept in mind that leadership would always be necessary everywhere, even in the most remote autonomy. The main effort should therefore be directed towards fulfillment of the real needs of the community, rather than to discussion of democracy or the rights of political parties.

President Soeharto, on July 10, inaugurated the guerrilla route of the late General Soedirman. This inauguration, said the President, had educative purposes. It will remind us of the hardships and struggles through which national independence was attained, and at the same time it is also a means through which the spirit of 45 could be studied and passed on.

Meanwhile Admiral Soedomo explained that the government had taken the necessary actions to meet mounting crime. The Admiral issued an order to shoot criminals on the spot.

This month a new purge of communists also took place, and new arrests were carried out.

In his meeting with the press in Jakarta on July 12, Lt. General Makmun Murod explained that by the end of 1978 it was expected that the Army would be able to independently supply its armaments, therefore requiring that few would have to be purchased abroad.

From July 8 to 15, the Department of Information held its workshops, with social communication systems and integrated information systems being the main themes. "Information and communications have an important function, in ensuring the instigation of the people's will", the President said. "This will of the people is of very great importance as a means of supporting the attainment of the objectives of social development".

The Minister in charge of organizing the state apparatus announced that in 1974-1975 the government intended to appoint 57,480 new civil servants. Meanwhile, through the decrees of 103/1974 and 0139/P/1974, the Minister of Internal Affairs together with the Minister of Education and Culture confirmed that 18,000 primary school teachers were to be appointed, beginning from October 1, 1974.

On July 11, rumour spread of the controversy within the Syarikat Islam. Bustaman affirmed that H.A. Tjokroaminoto had no right to call for a national workshop of the Syarikat Islam.

The Council for Economic Stability decided, on July 2, to accept the request of the IMF to include the Indonesian currency in the Dana Devisa Internasional.

On July 18, President Soeharto nominated four Inspector Generals of national development. The four Inspector Generals are: E. Soekasah Somawidjaja, Vice Marshall Sutopo, Major General Soedjono Hoemardani and Major General Dr. Soedjono. They were inaugurated by President Soeharto on July 23.

Ali Sadikin said that the Government ought to give greater attention to urban planning. This was his thesis when addressing the delegates from the Provincial House of Representatives of East Java. "Urban centres are matters of grave importance these days".

A seminar on energy was held in Jakarta from July 24 through 27.

On July 25, the Minister of Information, Mashuri, stressed that development ought to be founded upon the aspirations of the people. But these aspirations could not and should not be achieved through violence, especially through the violation of social and national consensus.

Foreign Relations

Indonesia's Foreign Minister, Adam Malik, paid official visits to the socialist countries: Yugoslavia, Poland, Romania, North Korea and Mongolia.

DOCUMENTS

A D D R E S S

BY

THE PRESIDENT OF THE REPUBLIC OF INDONESIA
HIS EXCELLENCY GENERAL SOEHARTO

Mr. Chairman,
Excellencies,
Distinguished Delegates,
Ladies and Gentlemen,

Six years ago I had the pleasure of opening the Second ASEAN Ministerial Meeting in Jakarta, and now again Indonesia is proud to host its Seventh Meeting which is convening here to-day.

I am very pleased to have the honour of addressing this distinguished gathering, and seizing upon this significant occasion, I wish to extend, on behalf of the Indonesian Government and the entire Indonesian people, our most cordial welcome to the distinguished delegates and participants to this important conference.

Since its inception in 1967, ASEAN has steadily moved forward to forge more effective and closer cooperation among the peoples of the region. The organization has provided us with a framework within which common problems could be met collectively and differences, brought about by decades of foreign domination, could be resolved in a spirit of friendship and neighbourly solidarity.

During these past years we have assembled, planned together and consulted with one another on a host of problems and projects. In the process, we have gained a much deeper understanding and appreciation for each other's views, aspirations and national identities, as well as for the fundamental interests and objectives binding us together in our common pursuit of peace and better welfare for our peoples.

This by itself is already an important achievement. Due to the common determination and perseverance of its members, ASEAN has made considerable progress in transforming differences into mutual confidence and shifting actions for selfish interest into an

unprecedented common effort for regional unity and cooperation. This has certainly not only brought us a sense of relief but will undoubtedly remain a *conditio sine qua non* for our joint endeavours in the decades ahead.

We have indeed come a long way since August 1967, and have done our best in the past seven years. We should be justifiably proud of the success gained so far in establishing the firm and necessary basis on which to enhance and broaden mutual understanding, friendship and constructive cooperation among the nations of ASEAN, and eventually, of the whole Southeast Asian region.

These achievements, however, should not divert us from the fact that we are still far from the principal objectives of ASEAN as set out in the Bangkok Declaration. Efforts to accelerate the economic growth, social progress and cultural development of our region still face a number of serious obstacles, caused by conditions and developments both within the region as well as in the world at large. The establishment of ASEAN has undeniably brought about a stronger regional unity, peace and stability, yet it still remains a very fragile reality unless we concentrate on our constant vigilance and our common noble dedication. Apart from the encouraging progress in certain areas, we have to admit that our collaboration and mutual assistance on matters of common interest in the economic, social, cultural, technical and administrative fields have largely remained at the study or preparatory stage of the projects. We should be aware of the fact that while we appear to be still stuck in the solution of old problems, time may soon be running out on us facing the new tremendously complex and far-reaching problems with which the world, and especially the developing countries, are being confronted at present.

Excellencies, Ladies and Gentlemen;

Although primary attention of ASEAN has been and will continue to be directed towards the promotion of regional cooperation in the economic, social and cultural fields, we have not ignored the rapid and often dramatic developments which occurred on the international scene in the last few years. We have followed with particular interest the shifts and changes which have taken place in the relationship among the major powers involved in our region.

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And although we know that old problems and attitudes with which we have lived for such a long time cannot be expected to disappear overnight, we are aware that the new pattern of relationship taking shape in the Asia - Pacific region will create a new situation where ASEAN is bound to be called upon to play a significant role.

Détente and mutual accommodation among the major powers of the world have been rightly welcomed as they offer us new hope for a safer, more peaceful and stable world in the years to come.

From closer observation of current international developments, however, we can draw the conclusion that the present détente still refers mainly to the behaviour of super powers, a behaviour manifested from their awareness of the futility of a nuclear confrontation, and of the need to accommodate their own self-interest with minimum expense and smaller risk for possible nuclear confrontation. We certainly note that détente still prevails in certain regions of the world only while war and conflicts continue to be the disturbing reality in our part of the world.

The changing international climate and the beginning of relaxation of tensions, therefore, do not automatically provide us with the assurance that outside powers will cease interfering in the internal affairs of our region. Thus, to preserve our integrity and independence and to protect both our respective national interests and those of the region, it will be the foremost task of ASEAN to continue to foster and strengthen mutual trust and understanding amongst ourselves towards greater resilience of each nation individually and that of the region as a whole. In order that ASEAN may remain master of its political destiny each member country must continue to improve its condition economically and politically. The strengthening of national and regional resilience and firm collective determination will deter outside powers from meddling in our regional affairs and will further ensure the realization of the objectives stated in the Kuala Lumpur Declaration.

ASEAN, its conception prompted by the awareness that goodwill and common prosperity are an absolute necessity, is a genuine grouping which does not serve the interest nor execute the policy of whatever outside power. It is an organization of our own, by ourselves and for ourselves. It is established to guard regional interests and to strive for: peace, stability and welfare in the region.

Evidently ASEAN is not directed against any power or group of powers.

Indonesia is indeed deeply interested in and wholeheartedly supports ASEAN because she has the fullest confidence in the capability of this Association to bring about peace and stability in this Southeast Asian region essential for nation building, particularly in the economic development.

Excellencies, Ladies and Gentlemen;

When I had the privilege of addressing the Second ASEAN Ministerial Meeting in 1968, I then stated that the most important problem facing us was economic reconstruction. Today, six years later, I would say economic problems still require our utmost attention, without neglecting other equally important problems.

This is necessary in view of the negative consequences of the present world economic situation with its monetary, trade and energy crisis, affecting the ASEAN countries as well.

Though the economic condition continues to show an upward trend Indonesia is still facing enormous socio-economic problems with regard to employment opportunities, education, health, population control, transmigration and so on. Therefore in our Second Five Year Development Plan, Repelita II, development in fields other than economic, which still commands first priority, will be further expanded.

I am pleased to note that member-countries of ASEAN have been successfully directing their efforts to the establishment of economic stabilization and the furtherance of development in their respective countries. This will both give substance to the national independence of each and contribute to the joint efforts of strengthening the regional resilience so much needed to put ASEAN in a better position and increasingly gain the recognition and respect of the big powers.

Having completed the first and now entering the second stage of ASEAN cooperation, I consider the time has now come for us to devote more efforts to the actual realization of economic cooperation. I am particularly referring to the cooperation in the industrial field

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which will lead to concrete results of setting up ASEAN industrial projects to provide goods and services necessary to raise the people's standard of living and improve economic viability.

We are all aware the majority of the member countries of ASEAN are primary producers, exporting their products in world markets and exchange them by importing manufactured goods. Obviously such economic structure no longer provides a satisfactory basis for development. If the ASEAN countries are to develop faster and more steadily, we must certainly raise the level of industrialization. I am fully convinced collaboration in the industrial field among the member nations of ASEAN can be realized because of the solid basis of cooperation which has been promoted ever since the formation of ASEAN.

Some time ago I mentioned the news-print mill as a project which could be established through joint venture between private enterprises of member countries and endorsed for the benefit of countries and peoples of ASEAN. I am sure there are other projects which could be undertaken under similar arrangements. The realization of these projects, producing commodities to meet the demand within the ASEAN region and for exports, will make our region less dependent on outside sources.

It will furthermore increase intra-regional trade and gives an excellent opportunity to private sectors in the ASEAN region to participate and get more involved in achieving the objectives set out in the Bangkok Declaration.

Finally, allow me to express my sincere wish for a successful conclusion of the deliberations by the distinguished delegates. I hope your stay in Indonesia will be a beneficial and enjoyable one.

I hereby declare the Seventh Ministerial Meeting of ASEAN officially opened.

May God Almighty always bless us with His guidance, providence and strength.

I thank you.

OPENING STATEMENT
BY
THE LEADER OF THE INDONESIAN DELEGATION
AT THE SEVENTH ASEAN MINISTERIAL MEETING
JAKARTA, 7 MAY 1974

Your Excellencies,
Distinguished Delegates and Honourable Guests,
Ladies and Gentlemen,

I wish to take this opportunity to extend our most cordial welcome to the distinguished Foreign Ministers of ASEAN and their Delegations, the distinguished Representatives of the Kingdom of Laos and the Republic of Khmer who have honoured us with their presence as guests and observers, as well as Their Excellencies the Chiefs of Diplomatic and Consular Missions accredited to Indonesia.

It gives me particular pleasure also to welcome in our midst the distinguished Deputy Prime Minister of Malaysia, His Excellency Dato Hussein bin Dato Onn and the distinguished Foreign Minister of Thailand, His Excellency Mr. Charoenphand Isarangkun na Ayuthaya who are attending this meeting for the first time in the capacity of Leaders of their respective Delegations. Although they are here for the first time, they are not new in any sense; their national stature and international repute are well established and known to all of us. I, therefore, would like to extend to both of them a very special welcome among us. I would also like to associate myself with the sentiments of mourning expressed by my Colleagues at the grievous and untimely passing away of our dear friend and Colleague, Tun Ismail of Malaysia with his death, our sister country Malaysia has lost a dedicated and eminent patriot and ASEAN has lost an inspired and great fighter for Southeast Asian unity and progress. The Indonesian people and Government deem it a great privilege to be able to host this Seventh ASEAN Ministerial Meeting here in Jakarta again, as it signifies the fact that we are bringing to a satisfactory end the first year of the second cycle of ASEAN regional cooperation.

Ever since its inception and in approaching its seventh anniversary this year, ASEAN has intermittently been plagued by various problems which have tested its strength and fibre as a

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regional organization. Throughout those years, however, ASEAN has been able to withstand these challenges and to prove its vigor and viability. Indeed, we can note with measured pride that far from regressing into sterile subsistence, as some pessimists would have it, ASEAN after an initial shakedown period succeeded in injecting a new dynamism into the core of its efforts.

No one can deny that as of this moment ASEAN's regional identity and potentiality is being acknowledged, not only in the immediate context of Asia but in the wider international forum as well.

Yet, complacency should not befall us in view of the multitude of problems and challenges still before us and in the face of the new realities and opportunities a rapidly changing world situation is posing us.

Together, we have built up ASEAN as a structure for the peaceful cooperation and common development of the countries of the region. In building that structure, we have rightly proceeded with dedication, realism and patience, knowing full well that centuries of mutual ignorance of one another, prejudice and even chronic strife have preceded our present efforts. Patience, however, should not prevent us from moving urgency when such urgency is warranted, both as a result of the increasing momentum of our own activities and under pressure of rapid developments in the world around us.

From the outset, we have recognized the fact that differences exist and will continue to exist among us — difference in outlook, difference of interests, different systems of government and of cultural tradition. While we are all agreed that one of the functions of our ASEAN structure is to accommodate those differences, not to destroy them, we must all be equally determined to prevent those differences from ever threatening to destroy the very structure of our own endeavours.

At our Meeting in Pattaya last year, we expressed the hope that the trend towards mutual accommodation among the major powers might usher in a new era in international relations, an era of reduced tensions and greater opportunities for peaceful development and cooperation among nations. Yet, as of today we are being confronted with an alarming chain-reaction of new crises enveloping the world. And while some problems of long-standing continue to

defy solution, we witness the development of new arenas of conflict and the emergence of new protagonists in these power struggles.

We have sincerely welcomed the laudable resolve of the great powers to work towards greater peace in the world through policies of negotiation rather than confrontation. We are still waiting, however, to see this resolve taking effect in the immediate region of vital concern to all of us, in the seas and oceans that wash our shores.

And it is a matter of deep concern and apprehension to us all to observe that real peace has still not returned to the peoples of Indochina, more than a year after the signing of the Paris Agreement.

As on previous occasions, therefore, the present Annual Meeting will afford us the welcome opportunity to review and evaluate the work of our organization. In so doing, however, we should go beyond the mere recording of last year's achievements or shortcomings and the planning of next year's agenda. In the light of the internal requirements and external developments I have touched upon earlier, I think there is urgent need for us also to look far ahead, to reassess our goals and the order of priorities we have set for ourselves, and to reappraise the effectiveness of our organizational machinery and procedures in support of these goals.

Excellencies,
Ladies and Gentlemen,

While going over our record of the past year, allow me to touch briefly on some main areas where we may usefully direct our joint efforts at further enhancing the scope and effectiveness of our cooperation.

The activities and achievements of ASEAN in the economic and socio-cultural sphere during the past year show both ample ground for optimism in the future of ASEAN cooperation as well as the urgent need for intensified concentration on and more serious consideration of improving the management and structural aspects of projects — implementation. In particular, a more effective and economic utilization of efforts in implementing project recommendations could be achieved if fitted into the framework of an overall

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regional development plan or development strategy. This is a view which I have brought to the attention of this forum on several occasions before.

It would also be useful to emphasize to the various Permanent and Ad Hoc Committees the importance of setting their own priorities in this respect and of coordinating more closely with each other.

The establishment of the permanent ASEAN Secretariat will undoubtedly prove to be the key solution in overcoming the organizational and operational shortcomings we had to contend with so far in our cooperative endeavours. At this instance, I would, therefore, like to express once again my high appreciation for the commendable work done by the Special Committee of ASEAN Secretaries-General, who in such a relatively short time were able to formulate various recommendations for our approval at this Meeting.

I also look forward optimistically towards the final take-off of ASEAN economic and socio-cultural projects, with the further streamlining of the ASEAN organisational structure, once the permanent Secretariat has begun operating effectively. Perhaps, the number of Permanent and Ad Hoc Committees could then be progressively reduced within realistic proportions, without impairing the enthusiasm and vigour of national participation by the member countries as has been functionally and gratifyingly evident through these Committees over the past years.

In reviewing the record of ASEAN cooperation and in commenting on those areas open to urgent improvement, I would be amiss if I were not to mention also some of the main accomplishments of the past year.

In the economic field, the ASEAN-EEC dialogue continues to develop on a mutually satisfactory course, resulting in the recognition of ASEAN as a regional grouping of considerable consequence. More important, however, the EEC Commission has now agreed to consider the application of the Cumulative Rule of Origin Principle for products exported from ASEAN countries, based on the Commission's Regulation passed in December of last year. SCCAN's activities and achievements in this respect are thus indeed worthy of our praise.

Notable success was also recorded in another direction. Through their untiring efforts, the ASEAN Secretaries-General have been able to convince the Japanese Government that their unrestricted production and export of synthetic rubber was causing great harm to the volumes and price levels of natural rubber exported by the ASEAN countries; countries in whose economic development the Japanese Government in fact is so interested to assist. Consequently, the Japanese Government's decision to request the Japanese synthetic rubber manufacturers and exporters to take this problem into consideration and to plan their production and exports in such a way so as not to harm the interests of the natural rubber producing countries of ASEAN, should be regarded as another positive step forward in our efforts to pursue common interests through a joint stand and joint ASEAN representation vis-à-vis the world at large.

We have followed with great interest the discussions held in Bangkok and recently in Canberra between the ASEAN and Australian Officials.

We welcome the establishment of a link between ASEAN and Australia through the realization of agreed ASEAN projects for which the Australian Government has offered a fund for their financing.

I am particularly happy to note that one of the agreed areas of cooperation is to promote and increase the exports of ASEAN products to Australia. I am sure that through the strengthening of trade, ASEAN and Australia will be brought nearer to each other.

In endorsing the results of the ASEAN-Australia dialogue our hope is that follow-up actions be taken as soon as possible in order to contribute to the speedy realization of the agreed ASEAN projects.

Considerable achievements have also been recorded in tourism, a sector which from the outset has shown great potential for mutual cooperation. At present, for example, the seven-day visa-free arrangement for ASEAN nationals visiting other ASEAN member countries is being considered to be extended into a 14-day visa-free facility.

Looking at the growing spectrum of socio-cultural co-operation, we are indeed encouraged to note some commendable achievements recorded during 1973 - 1974, such as the initiation of the social workers exchange programme, the meetings of legal experts on

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narcotics, the regional exhibition of ASEAN art and photographic displays and other activities. In this connection, I especially welcome the results of the deliberations of our narcotics' experts at their last meeting in Jakarta.

Finally, I am happy to observe the satisfactory progress achieved towards the formulation of a blueprint for a Southeast Asian Zone of Peace, Freedom and Neutrality. The eventual realization of this objective will, I am sure, provide an added impetus towards more effective regional cooperation within the ASEAN framework. I would like to take this opportunity to express my personal appreciation to the ASEAN Senior Officials for their diligent and steady efforts to work towards the materialisation of this worthy aim.

Excellencies,
Distinguished Delegates and Guests,
Ladies and Gentlemen,

In concluding my statement I would like to stress once again that the significance of ASEAN lies not so much in the fact that we have been able to increase the quantity of project recommendations and activities with every passing year but that qualitatively ASEAN has grown in credibility and stature, not only in the regional context but in the international world as well. Whether this recognition of ASEAN as a viable regional organisation will also be coupled with increased acknowledgement of its effective strength and authority by the peoples of Southeast Asia and by the world at large, will inevitably depend on the actual results ASEAN will be able to produce in these coming years.

ASEAN was built on the ashes and failures of several previous ventures in regional cooperation. It has managed to grow gradually into a repository of many of our peoples' hopes for a better future, in greater neighbourly peace and stability. In order to be true to those hopes, in order not to disappoint our peoples, much more will be needed than long hours of deliberations and mutual consultations. It will require patience as well as the courage to act decisively and with imagination; steadfastness as well as flexibility. Above all, it will require from all of us the capacity to put real interest

above prejudice or preconception and the common good of the region above notions of exclusive nationalism or illusory prestige.

Only then can we hope and strive to make this organisation, created by and for the peoples of Southeast Asia, into a lasting and truly worthwhile edifice of our joint endeavours.

Thank you.

JOINT COMMUNIQUE

1. The Seventh ASEAN Ministerial Meeting was held in Jakarta from 7 to 9 May 1974. The Meeting was chaired by H.E. Adam Malik, Foreign Minister of the Republic of Indonesia. H.E. Datuk Hussein Onn, Deputy Prime Minister of Malaysia, was elected Vice-Chairman.

2. The Meeting was attended by H.E. Datuk Hussein Onn, Deputy Prime Minister of Malaysia; H.E. Carlos P. Romulo, Secretary of Foreign Affairs of the Philippines; H.E. S. Rajaratnam, Minister for Foreign Affairs of Singapore; H.E. Charunphan Isarangkun Na Ayuthaya, Minister of Foreign Affairs of Thailand; and H.E. Adam Malik, Minister of Foreign Affairs of Indonesia, as Leaders of their respective delegations.

3. The Opening Session was held at Istana Merdeka. The Temporary Chairman, H.E. Charunphan Isarangkun Na Ayuthaya, Minister of Foreign Affairs of Thailand, invited H.E. President Soeharto of the Republic of Indonesia to deliver his Opening Address.

4. In his Opening Address, H.E. President Soeharto reiterated that ASEAN was a genuine grouping which did not serve the interest nor execute the policy of whatever outside power. The President said that ASEAN was an indigenous organisation to guard regional interests to strive for peace, stability and welfare in the region and was not directed against any power or group of powers.

5. The President was further pleased to note that ASEAN member countries had been successfully directing their efforts to the establishment of economic stabilization and the furtherance of development in their respective countries which would both give substance to the national independence of each member country and contribute to the joint efforts of strengthening the regional resilience so much needed to put ASEAN in a better position and increasingly gain the recognition and respect of the major powers.

6. The Opening Session was also attended by the Vice-President of Indonesia, H.E. Sultan Hamengku Buwono IX, important dignitaries and guests of the Indonesian Government including representatives from the Governments of the Khmer Republic and the Kingdom of Laos.

7. The Ministers reaffirmed their decision in the Sixth Ministerial Meeting that the establishment of an ASEAN Secretariat was necessary. In this connection the Ministers noted the report of the Special Committee of the ASEAN Secretaries-General to Consider the Establishment of the ASEAN Secretariat, and agreed that the report be submitted to ASEAN member governments for consideration.

8. On the subject concerning the site of the ASEAN Secretariat, H.E. Secretary Romulo informed the Meeting that in deference to the wishes of Indonesia and in the interest of regional unity and harmony, the Philippines was withdrawing its offer of facilities for the Secretariat in Manila in favour of Indonesia. The Ministers considered the offer by the Philippine Government to have the ASEAN Secretariat located in Manila as a manifestation of the importance and significance the Philippines attaches to ASEAN. Accordingly the Ministers unanimously agreed that the ASEAN Secretariat be located in Jakarta.

9. The Ministers noted the proposal of the Philippines for the adoption of a Charter for ASEAN as part of the current efforts to institutionalize the functions and structure of ASEAN. The Ministers agreed to refer this proposal to the Standing Committee and member governments were requested to submit their comments.

10. The Ministers agreed that ASEAN, having completed its first stage and presently entering its second stage of cooperation, should now embark on a more substantial and meaningful economic collaboration. In this regard the Ministers were of the view that the three techniques of cooperation among others, trade liberalization, complementarity agreements and package deal arrangements, might be useful techniques for ASEAN cooperation. The Ministers noted in particular that good progress had been made in the area of trade liberalization where work had already begun in liberalizing trade

in selected food products. The Ministers welcomed the establishment of the ASEAN Products Display Centre in Bangkok which would open in June 1974 in order to promote further interest in ASEAN intra-regional trade. The Ministers also agreed that the ASEAN Ministers responsible for National Planning should convene to formulate guidelines for ASEAN in the area of industrial cooperation. In this connection, the Ministers also endorsed the creation of a group of experts to study possible complementation schemes.

11. The Ministers also noted several projects launched by the various committees which would bring direct benefits to the peoples of ASEAN. Notable among these projects are the ASEAN Consumers' Protection Agency to ensure against misrepresentations and sub-standard quality of goods imported into the ASEAN region; cooperation in the control and prevention of drug trafficking and addiction; cooperation in solving human settlements and environmental problems; cooperation on assistance to victims of natural disasters, ship and aircraft disasters; and studies to improve soya bean processing techniques in order to overcome the problem of protein deficiencies in the region; the handling and transportation of grains, livestock and perishable goods; the promotion of ASEAN exports and other projects.

12. The Ministers acknowledged the success of the Association in obtaining from the E.E.C. the recognition of ASEAN as one region and the preferential access of certain commodities into E.E.C. markets and welcomed this as an important development in the ASEAN-E.E.C. relationship.

13. The Ministers expressed their satisfaction that the ASEAN joint approach to Japan on the indiscriminate production and accelerated exports of synthetic rubber had resulted in obtaining the Japanese Government's agreement to exercise a restraining influence on the Japanese synthetic rubber industry, so that it will not jeopardize the economies of ASEAN countries. The Ministers welcome the cooperation and understanding of the Japanese Government in this matter.

14. The Ministers welcomed the outcome of the ASEAN - Australia dialogue on economic cooperation, and expressed the hope for the early implementation of the agreed projects.

15. The Ministers noted with satisfaction the joint and collective approach that ASEAN has taken in regional and international forums. The Ministers agreed that a common ASEAN stand in such forums would contribute to the promotion of ASEAN unity and solidarity, and that such practice be continued.

16. Expressing their serious concern over the worldwide problems of spiralling inflation, critical shortages and the high costs of food, fuel, fertilizers, and raw materials, among others, the Ministers agreed that these problems could no longer be solved by individual nations acting alone. The Ministers took note of the Sixth Special Session of the United Nations General Assembly, which was convoked recently to consider these crucial economic problems. Recognizing that concerted efforts are needed to ameliorate these problems, the Ministers urged that ASEAN member countries undertake early positive cooperative action and extend prompt and adequate assistance, whenever possible, among themselves for their mutual benefit.

17. The Ministers also agreed to hold the next ASEAN Ministerial Meeting in Malaysia, and consequently the seat of the Standing Committee for 1974 - 1975 would move from Jakarta to Kuala Lumpur.

18. The ministers expressed their sincere appreciation to the Government and People of Indonesia for the warm and generous hospitality accorded them and to the ASEAN National Secretariat of Indonesia for the excellent facilities provided and efficient arrangements made for the Meeting.

19. The Ministerial Meeting was held in the traditional ASEAN spirit and cordiality imbued with increased confidence in the future of the Association.

Jakarta, May 9, 1974.

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- APRIL 4 FRENCH NUCLEAR STRATEGY
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- APRIL 16 DEFENCE TECHNOLOGY
Dr.-Ing. B.J. HABIBIE
Chief, Methods and Technologies,
Research and Development
Messerschmitt-Boelkow-Blohm GmbH, Hamburg
- MAY 28 STRATEGY OF EDUCATION
E.J.S. HARDJOSUSONO
Scientific Counselor at the Regional Institute
of School Innovation, Gelderland, Holland
- JUNE 11 THE NUCLEAR FACTOR IN INDIA'S FOREIGN
AND DEFENCE POLICY
Dr. K. SUBRAHMANYAM
Director, Institute for Defence Studies
and Analyses, New Delhi
- JULY 23 THE FUTURE ROLE OF MILITARY FORCE IN
INTERNATIONAL RELATIONS
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Rand Corporation, Santa Monica, California
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Mohammad SADLI, Minister of Mines.
